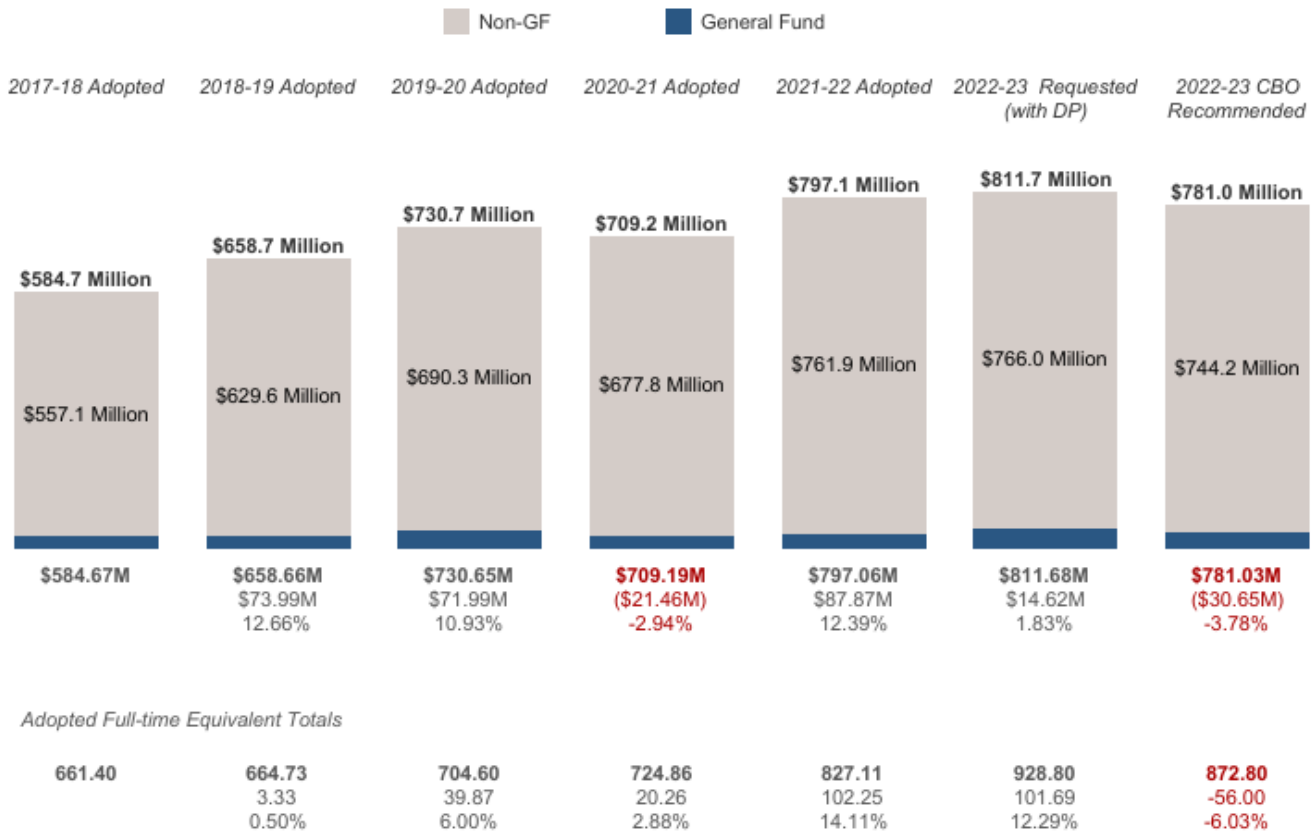




Office of Management & Finance

Adopted Budget Revenues | 5-Year Lookback



EXECUTIVE SUMMARY

The Office of Management and Finance submitted their FY 2022-23 Requested Budget with requests for new ongoing resources, new one-time resources, and internal programmatic realignments. Below are the CBO recommendations for requested decision packages.

Bureau of Technology Services

- 13066 Request of \$46,782 in one-time General Fund resources, \$70,175 in ongoing General Fund resources, \$53,218 in one-time interagency resources, and \$79,825 in ongoing interagency resources for equipment and an ongoing position to implement new Audio/Visual requirements

for hybrid meetings, with the General Fund resources subsidizing the portions that General Fund-supported bureaus would otherwise have to pay. CBO recommends all funding resources to come from existing resources in the bureaus one-time, with a budget note to develop a funding methodology less focused on the downtown core.

- 13068 Request of \$175,689 in ongoing General Fund resources and \$237,111 in interagency revenues to design, implement, and support an enterprise business intelligence and data visualization service for the City. CBO does not recommend this request.

Bureau of Revenue and Financial Services

- 13097 Request of \$445,198 of ongoing General Fund resources, \$495,758 of intergovernmental resources, and \$60,081 of interagency resources for 11 FTEs in the Revenue Division to collect taxes for Metro and Multnomah County, respond to an increase in business license tax accounts, and for ongoing maintenance and support of the Integrated Tax System. CBO recommends the ongoing positions for Metro and the County, but only one-time resources for the positions either fully or partially funded by the General Fund.
- 13098 Request of \$502,000 of one-time General resources to continue funding for the two Senior Procurement Specialists and one Procurement Specialist in the Goods & Services Team added during the Fall BMP in order to accelerate service delivery and reduce cycle times. CBO does not recommend this request.
- 13099 Request of \$185,000 of one-time General Fund resources and \$1 million in ARPA resources for an Analyst II position to manage a pilot a Bonding and Technical Assistance program to assist disadvantaged, small, and minority firms. CBO recommends the General Fund portion of the request but does not make formal recommendations on requests for ARPA resources.
- 12971 Request of \$146,230 of interagency resources for a permanent Claims Analyst position to respond to an increase in claims workload. CBO recommends this request.

Bureau of Human Resources

- DP 12990 for a \$133,841 request for an ongoing increase to the Health Fund's internal administrative fee for a Wellness Coordinator permanent FTE. CBO recommends this request.
- DP 12996 for a \$632,053 request in one-time General Fund resources for four limited term positions to support recruitment at the city. CBO does not recommend this request, but recommends the bureau use current year underspending and resources that could be considered as carryover requests to support the limited term recruitment positions.
- DP 12997 for a \$353,75 request in one-time General Fund resources for two limited term positions to support the implementation of both Oregon and Washington's Paid Family Medical Leave Acts. CBO does not recommend this request, but recommends the bureau use current year underspending and resources that could be considered as carryover requests to support this work in FY 2022-23.
- DP 12998 for a \$69,017 request in one-time General Fund resources to address the budget gap from an ongoing budget reduction taken in response to the Mayor's FY 2021-22 budget guidance. CBO does not recommend this request, but recommends the bureau use current year

underspending and resources that could be considered as carryover requests to support this work in FY 2022-23.

Chief Administrative Office (CAO)

- DP 13077 for a \$2,558,482 request in ongoing General Fund Resources realigned from the Portland Police Bureau, \$500,411 in interagency funding from the Bureau of Emergency Communication, and \$200,000 in one-time General Fund resources, and 21.0 FTE to support a centralized business operations team in the Community Service Division. CBO does not recommend this request.
- DP 13082 for \$60,000 in realigned ongoing General Fund resources and the transfer of position authority for 3.0 FTE positions from the Portland Police Bureau to the Community Safety Division for the Strength Program.
- DP 12957 for a \$338,125 request in ongoing increase to the bureau's interagency revenue for 2.0 FTE security personnel to support OMF's Integrated Security Program. CBO recommend this request.
- DP 12958 for a \$292,228 request in one-time General Fund resources to support continued funding for 2.0 limited term FTE funded in the FY 2021-22 Fall Supplemental Budget for the Impact Reduction Program. CBO does not recommend this request, but recommends the bureau use current year underspending and resources that could be considered as carryover requests to support this work in FY 2022-23.
- DP 12955 \$150,725 request for an ongoing increase in interagency resources and a \$825 request for ongoing General Fund resources for 1 FTE to support space planning at the City. CBO does not recommend this request.
- DP 12956 \$243,764 request for an ongoing increase in interagency resources and a \$4,500 request for ongoing General Fund discretionary resources for proactive graffiti removal, additional security personnel at City Hall, and de-icing services for police facilities. CBO does not recommend this request.
- DP 12959 for \$9,245,000 in ongoing interagency resources from customer bureaus to support the relocation of CityFleet and construction of a new maintenance garage. CBO does not recommend this request.
- DP 13065 for \$52,919 in one-time General Fund discretionary resources and \$73,081 in General Fund overhead to address the funding gap for the SPOT team in the CAO's Office. CBO does not recommend this request, but recommends the bureau use current year underspending and resources that could be considered as carryover requests to support this work in FY 2022-23.

Capital Set-Aside

- DP 13009 for a \$200,000 request in one-time General Fund Capital Set-Aside resources for security improvements to the Knott Parking lot at Kerby Garage. CBO does not recommend this request.
- DP 12969 for a \$2,200,000 request in one-time General Fund Capital Set-Aside resources for

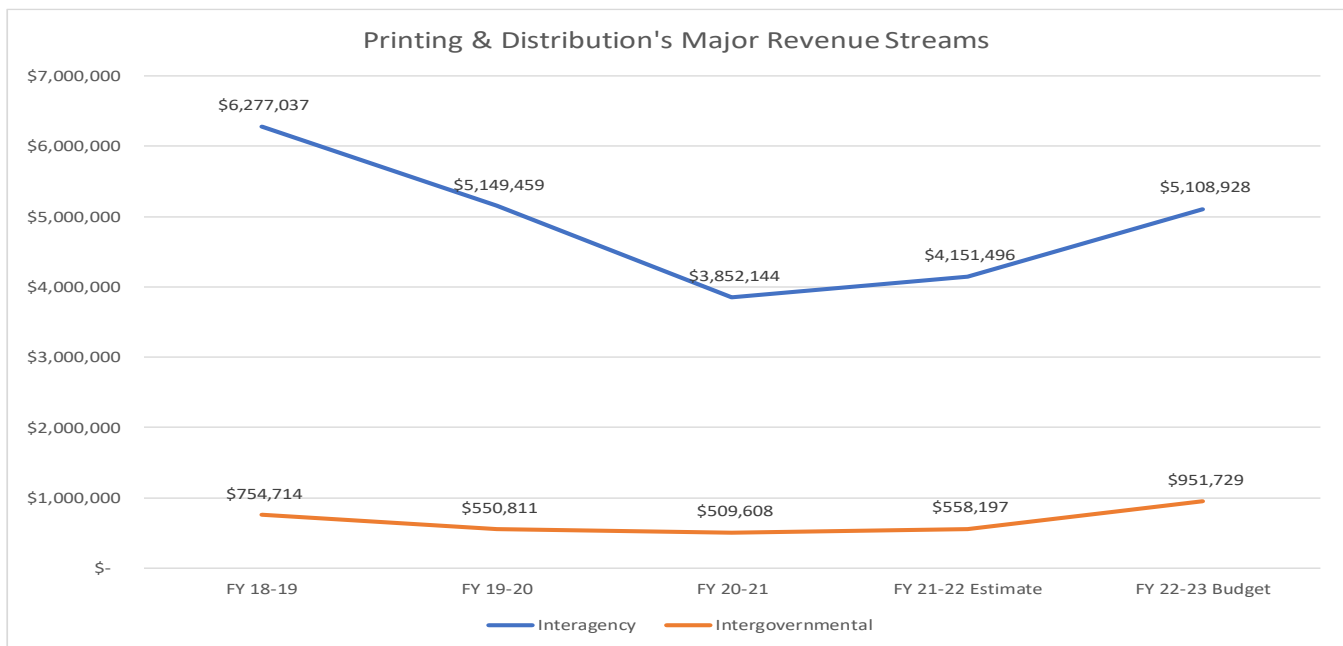
security improvements at City Hall. CBO does not recommend this request.

- DP 12954 for a \$2,060,000 request in one-time General Fund Capital Set-Aside resources and \$171,600 in an ongoing increase in interagency expenses with the Police Bureau for Genetec enterprise security improvement at several Police facilities. Due to constrained available General Fund resources and competing high-priority requests for said resource, the budget office is not able to recommend the full request. The budget office recommends \$1,650,000 of the request. CBO also recommends the \$171,600 increase in interagency resources to support the Genetec ongoing requirements to be funded within the Police bureau’s existing budget.
- DP 12966 for a \$5,500,000 request in one-time General Fund Capital Set-Aside resources for a portion of the City’s obligation to replace the electrical duct at the Justice Center. CBO recommends this request.

KEY ISSUES

Printing & Distribution Financial Sustainability

The financial and operational impacts of the COVID pandemic on Printing & Distribution (P&D) began in the fourth quarter of FY 2019-20 and have extended into the current year. The bureau’s primary revenue source – interagency (IA) revenues – are projected to end the current year at 67% of budget and 66% of FY 2018-19’s pre-COVID-19 pandemic actuals, while intergovernmental revenues are forecasted at 59% of budget and 74% of the FY 2018-19 level. City employees continue to telework, and there continues to be less demand for printing and copying services from City bureaus and other jurisdictions that use P&D’s services. As the pandemic potentially wanes, it is expected that City employees will eventually return to work in-person but also work from home a good percentage of the time, resulting in a higher utilization of P&D’s services, albeit not back to pre-pandemic levels.



In June of 2021, OMF announced a financial plan for P&D that it says will help stabilize revenues to match costs and restore replacement and operating reserves over the next three years. The rate increase component of this plan began on July of 2021 and will be re-evaluated each year based on customer

usage volumes. BTS has indicated that the first step in the plan is to prevent the P&D Fund from losing money each month by cutting costs. Some of the expense reduction components of the plan have been happening since the downturn began. Cost reductions include three positions being temporarily reassigned to help with increased workload in BTS, and other positions remaining vacant. To restore reserves, P&D eliminated another position, abated a portion of the IA with BTS for administrative support for a three-year period, and will be vacating space in the 1900 Building.

The division's second step included adjustments of rates for future years based on actual service volumes from last fiscal year. OMF said that it used last year's service volumes in order to be conservative and because it sees there has been a fundamental change in bureaus' business operations that may reduce requested services even after the pandemic is over. These lower volumes resulted in rate increases to cover fixed costs. Additionally, to provide stability to the copier program, it converted this program from a strictly variable charge, based on the number of copies, to a hybrid model. The previous model was entirely dependent on copies being made to fund all copier costs, both fixed and variable. Under this new model, each copier will have a fixed charge to cover the copier's fixed costs and an additional variable charge per copy for variable costs and replacement funding. Another rate increase to help restore the fund balance over a three-year period was an eight-cent markup on color copies made in the bureaus and an 8% markup on all IA billings.

In addition to these cost reductions and rate increases, P&D is working on a number of other items to adapt its business to the changing environment. An organizational assessment is underway, which includes outreach to customers and comparative market research. P&D is also working with bureaus on meeting and adapting to customers' post-pandemic needs. And in FY 2022-23, BTS will evaluate when the Printing & Distribution Fund should be merged with the Technology Services Fund.

BTS asserts that both the reduction of expenses and rate adjustments have proven to help the P&D Fund's financial situation. Current projections by the bureau have the fund coming in close to what was anticipated after the first year of changes, and if the second half collects more revenues than the first half, P&D will be on track with what was anticipated when the new measures were implemented. OMF did not project P&D's resources and expenditures for the division's five-year forecast, noting that the decision to keep the future five years stagnant was for a couple of reasons. First, P&D is in a transitional phase and changes will continue as items from the assessment are implemented, which may change the outlooks for revenues and expenses. Additionally, with the plan to merge the P&D Fund into the BTS fund, OMF believes that the template that inflates year-over-year was misleading.

Notable Changes to BTS Rates

Each year as part of the City's budget process, BTS's rates are adjusted with the goal of aligning them with the cost of service delivery. Unlike during the last budget development process, there is no guidance this year to the internal service providing bureaus to keep next year's rates at previously forecasted levels. Major rate changes in FY 2021-22 were limited to those supporting the Audio/Visual systems in the Portland Building, the deployment of Next Generation File Shares to replace traditional file and print servers, and an increase for the addition for the City's data network support team due to the large increase in demand for teleworking support precipitated by the COVID-19 pandemic.

Large changes in rates related to video systems and Audio/Visual rooms continue in FY 2022-23. Video system rates for OMF-Facilities increased by 51% to account for the new video system in the Portland Building. Since Facilities' system increased in value, it absorbed a higher percentage of the maintenance

costs than in the prior fiscal year, which also reduced the amount of maintenance costs other bureaus' systems had to account for in their rates, resulting in lower rates for those systems. BTS indicates that A/V rates changed from the current year due to a more complete and accurate inventory of equipment, resulting in a fairer allocation of the costs associated with the A/V equipment, and the addition of A/V equipment assigned to the Bureau of Planning & Sustainability at the Vanport Building. BTS has included a decision package in the Requested Budget for additional resources for A/V equipment and support, funded by interagency rates and a General Fund subsidy, to comply with new requirements for hybrid meetings as the COVID-19 pandemic potentially wanes (see below).

BTS states that in general, rate increases occurred in areas that needed operational right-sizing, including:

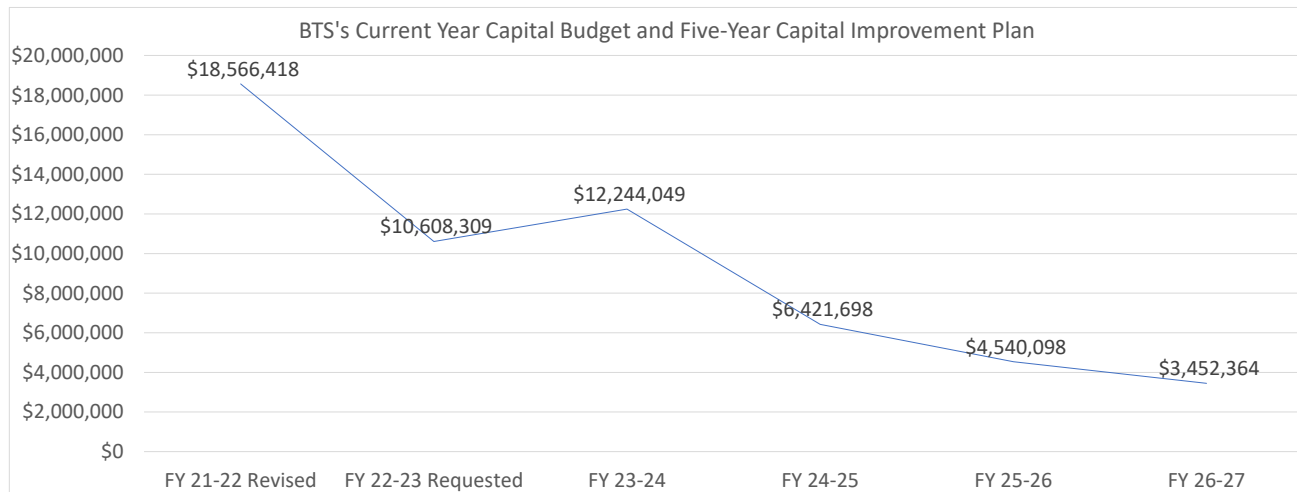
- As a result of remote work and thousands of new devices connected to the network, Information Security rates increased by 128% to provide necessary support to ensure the City's security posture stays at an acceptable risk level.
- E-Government rates increased by 10% as formerly CIP-funded costs for the website replacement project move from the project to ongoing operational costs.
- Replacement of desktops, laptops, and tablets increased 29% because the cost of the equipment being replaced has increased.
- The Cell Admin Fee increased by 41% to true-up the move of the Cellular Team from Communications to the Support Center in a prior year. Overhead charges in the Support Center are larger than they were on the Communications team.
- Dial tone line rates increased by 25% due to a decrease in the number of users who have to cover the fixed costs of the system.

Funding for BTS Projects

In past reviews, CBO has highlighted the challenge BTS faces in acquiring funding for both capital and operating projects. BTS has indicated that approximately \$12 million is needed each year to fund their projects, \$2 million above last year's estimate, and that existing funding sources are reserves and collections through the rate recovery model. Ongoing, sustainable, and reliable funding sources are entirely rate-based, but those only provide about 25% of the necessary major maintenance funding that is needed. Any unsupported costs must be covered by technology reserves, which are only available if BTS underspends its budget, accumulates additional revenue from increased customer demand for service, or finds savings through efficiencies. The bureau states that it is better able to accumulate reserves when customer bureaus are able to add or maintain funding in their budgets to cover ongoing costs for maintaining existing inventories and requested services. Thus, the ability to accumulate technology reserves to fund projects depends greatly on the economy and demand from customer bureaus for BTS services.

Some major maintenance funding is built into the rate budget to cover projects, but the bureau says that these funds are often not enough to meet all the financial demands of its capital and operating projects. BTS programs that do not have a funding source from interagency rates rely fully on technology reserves to fund their projects. The bureau notes that if there are funding gaps in the future, it may need to

identify new funding sources and make service level tradeoffs by either decreasing the number of projects it undertakes in the future or deferring projects.



Another similar and related challenge involves simply forecasting the bureau’s project funding needs due to the rapid pace of technological change. BTS also has difficulty in predicting the evolving technological needs of its customer bureaus as their business requirements change may change as well. The current practice for BTS to be financially responsive to this dynamic is to continually adjust budgeted requirements in its Five-Year Plan. Costs associated with CIPs and Operating Projects are forecasted over this five-year period on a per project basis, and higher costs are estimated for the first two years, with costs beyond that significantly falling, as depicted in the graph above. BTS states that this approach is more indicative of the unknown direction of future technology changes than an assumption by the bureau that future project costs will be less than what they currently are.

Citywide Technical Debt

The issue of the City planning for the retirement of technical debt has also been discussed by CBO in prior reviews. While BTS tracks and plans for replacement costs for assets that it manages or operates, planning for technology replacement for non-enterprise (i.e. bureau-specific) technology needs is less comprehensive, with BTS either not as aware or involved in customer bureau discussions of their future replacement plans. At present there is no standardized practice across bureaus which would meet the existing City financial policies (FIN 6.11) for capital project budgeting, especially with regard to planning for capital technology projects. As a result, there is no aggregate estimate of technical debt or unfunded technology replacement costs in the City. Historically, the lack of a more comprehensive plan for large-scale technology projects that are bureau-specific have resulted in large, one-time budget requests from bureaus.

BTS notes that similar to the larger capital asset management processes for bureaus in the City, each bureau is at a different stage in assessing, planning, and communicating their future technology needs. New technologies tend to be prioritized before the upgrade or replacement of an old one. Additionally, bureaus’ funding constraints continue to push technology use past its useful life. City bureaus develop their own plans and approaches to bureau specific technology projects. BTS indicates that it engages

customers through its Customer Stakeholder Group and Technology Roundtables to discuss technology needs and strategies. BTS's Technology Business Consultants continue to work with bureaus in their portfolios to understand bureau business and planned or desired technology updates. Through these engagements, BTS suggests enterprise approaches for new services and convenes bureaus to discuss alignment opportunities, but funding and execution is up to the bureaus. The role of BTS is to provide technical expertise and support for these projects.

The Chief Administrative Officer and Chief Technology Officer are reconvening the Technology Executive Steering Committee to engage in enterprise-level technology policy and prioritization discussions. Technology assets and enterprise leverage opportunities are among the topics planned for discussion. BTS is also now an active member of the Citywide Asset Managers Group and is working to enhance asset managers' understanding of technology as an essential asset to doing business – and as an asset that is often embedded within and impacted by the condition of their own assets.

BTS does offer bureau specific technology reserve funds; it currently maintains bureaus specific technology reserve funds for radios and related equipment, PCs, laptops, tablets, MDCs and video equipment. The bureau states that it is supportive of a partnership with CBO to communicate encouragement to General Fund bureaus and others to move anticipated unused resources into the Technology Services Fund for future technology replacement needs in the Spring BMP.

IRNE and I-Net

BTS's Communications program is continuing its work on two multi-year data and voice connectivity fiber network projects that are expected to make the City's infrastructure more resilient. This effort includes the expansion of the City-owned Integrated Regional Network Enterprise (IRNE) and the transition of the Institutional Network (I-Net), which involves a franchise agreement with Comcast and serves government agencies, libraries, and schools throughout Multnomah County. The expansion of the IRNE fiber optic network aims to bring improved communications connectivity while offering greater efficiency and affordability. With a total project cost of \$6.6 million and a FY 2022-23 budget of \$467,320, the IRNE Fiber Expansion is funded by interagency revenues and technology reserves.

Since March of 2021, BTS's contract with Comcast has been in negotiation for a short extension of I-Net services to facilitate a smooth transition to a new carrier network. A ten-year contract for unlit fiber was approved by Council that same month, and BTS immediately started the project to install a new carrier's unlit fiber product, which has unlimited bandwidth potential. The project is funded with \$2.6 million of technology reserves with \$2.5 million of the expenses planned in FY 2021-22 and FY 2022-23 and paid per site as the individual sites install. The City purchased a ten-year fixed rate lease for unlit fiber optic strands, not subject to increases in the Consumer Price Index, with the asset still belonging to the vendor.

The previous contract with Comcast was for \$14 million, and the new network contract is for \$11 million, the new service is expected to be more affordable to most of the system's users. This project services internal City stakeholders, in addition to outside partner agencies. Currently, I-Net is used to provide data connectivity to several City bureaus, including Portland Police Bureau, Portland Fire & Rescue, Portland Parks & Recreation, Portland Water Bureau, and more. In addition, there are nine non-City agencies which are I-Net customers, for a total of approximately 280 sites.

BTS states that this dynamic adds to complexity in project planning and the governance structure, with the most significant risks with the transition continuing to be closures and moves happening among sites

and slow contract extension negotiations with Comcast. If there are site closures, the City will still have to pay the monthly rate for the ten-year contract since it is solely with the City. Non-City agencies, which make up about 55% of the overall deployment, will be subject to early termination fees should they cancel services prior to the end of the contract, which reduces the risk exposure. The financial risk remains for City sites that close or move, which may happen if a large number of employees continue to telework after the COVID pandemic. The City continues to work with Comcast in good faith to achieve a short contract extension to bridge the transition time to the new carrier.

Pricing for this replacement fiber service is based on a cost recovery model. City bureaus and non-City agencies will continue to pay rates to satisfy the carrier costs of these services. BTS expects rates for its services to remain steady over time because of the ten-year fixed rate negotiated with the carrier, and most bureaus should see a modest reduction of monthly rates because of the favorable terms achieved with the new carrier.

Multnomah County and Integrated Tax System Cost Sharing

Through the recently launched Integrated Tax System (ITS), the City provides tax collection services for both City revenue streams and for other jurisdictions such as Metro and Multnomah County. Significant costs to support operations and debt service of the ITS system are included in the established IGAs with the partner jurisdictions who are expected to pay for a portion of the total system's costs. With the new tax collection services for other jurisdictions added to the ITS cost sharing model, the costs to the City's General Fund should ideally decrease as the total costs are spread out to more payers. However, due to a true-up which indicated that the City's proportion of actual collected revenues increased relative to other jurisdictions', the most recent cost sharing model issued in March 2021 shows a \$204,767 increase to the General Fund which was funded in the current year by one-time resources allocated during the Fall BMP of 2021 as well as an ongoing CAL adjustment for future years. During this budget development process for FY 2022-23, BRFS has also requested an additional \$100,198 in ongoing General Fund resources, along with funding from other jurisdictions, to add five new positions for data analysis and reporting (see Revenue Division Tax Programs in the Decision Packages section below). If the request is adopted by Council, the model will be updated to include the additional pool costs and allocations to partners. If not adopted, BRFS would update the model after a full year of collections, in time for FY 2023-24 budget development.

The Revenue Division emphasizes that much of the data inputs used in the cost allocation models are estimates, and there are true-up processes which should eventually capture the costs of administering the program. For example, 42% of the total estimated amount of revenues to be collected are from the new Supportive Housing and Preschool For All taxes, of which no actual dollars have been collected when the model was updated. CBO continues to work with OMF to determine the amount of General Fund resources that should be devoted to the Revenue Collection program, including resources for ITS, and recommends that OMF leadership regularly keep Council and the CBO apprised of any findings regarding the program's finances.

ITS went live in September 2020 and entered in a one year-long stabilization phase afterwards. Per the terms of an IGA for business tax collection services, Multnomah County is currently estimated to pay the City \$1.1 million per year for ten years in allocated ITS costs for business income tax collection services, based on the proportion of the County's Business License Tax revenues collected on the platform.

Certain collection categories outlined in the IGA form a \$4.1 million baseline referenced in the IGA, with

collections above that amount for those categories going to the City until the County's ITS costs are repaid over a ten-year horizon. Under this IGA, if County collections do not come in sufficiently above baseline to support the County's \$1.1 million obligation for ITS costs, the Revenue Division may have insufficient resources to cover known expenses, and the County may never actually be required to fund their proportional share of system costs. The Revenue Division has executed a technical memorandum with the County documenting precisely how funds in the collection categories will be counted but has also noted that the agreement may need adjustments.

The Revenue Division has indicated that revenues are not expected to exceed the baseline in the current fiscal year, and it is in discussions with the County about whether they will pay their allocated share despite the projected baseline shortfall. Under the IGA, the County does not have to pay in any given year the revenue threshold is not met. However, if the revenue threshold is exceeded by a large amount, the County must pay the full amount of that excess up to the maximum compensation of \$11 million. To reduce the risk of a large one-time payment, the County is considering paying its annual assessment, despite the lack of a requirement for them to do so this year. BRFS states that the consequence of the County choosing not to pay is that the Revenue Division would use the upgrade set-aside portion of the ITS cost allocation to pay the County's allocated share on a one-time basis.

CBO recommends that the Revenue Division continue to closely monitor County collections across these baseline categories, as under-collection may already be causing budgetary issues within the division. Prior assessments have concluded that the risks would be greater in the early years of the ten-year agreement, since the division may have sufficient reserves in later years from the soft cost collections for a system refresh set-aside that it could self-fund a deficit deriving from under-collection from the County. As the current situation shows, the division may already need to draw from this set-aside.

Procurement Cycle Times and Staffing

Some bureaus utilizing BRFS's Procurement services have complained about how long it takes the division to complete projects, and OMF has indicated that a shortage of staffing may be one reason among several for the lengthy cycle times. To explore whether there is a correlation between workload per working staff and cycle times, an analysis of workload, staffing, and cycle times data was conducted. This analysis did not show the expected correlations (i.e., longer cycle times should be correlated with a higher workload per staff, while shorter cycle times would be associated with a lower workload per staff), but the study was limited by having only two years' worth of data.

OMF provided data on workload, staffing, and cycle times for FY 2019-20 and FY 2020-21.¹ The limitations of time and the difficulties related to accessing or processing data from the existing systems prevented the easy acquisition of data beyond the prior two years. The workload data on both the number of projects submitted and the number of projects completed were divided by the staffing data adjusted by vacancies for the two teams (Design & Construction and Goods & Services) to derive "workload per FTE" figures for each of the four types of projects. Cycle time data for the many different types of projects worked on by the two teams all use the average number of days as the unit of measurement and consist

¹ Workload data consisted of both the number of projects submitted as well as the number of projects actually completed for the four project types of Design, Construction, Goods, and Services.

For staffing, the bureau provided data on budgeted FTEs as well as data on vacancies so that decent approximations of the number of actually filled positions could be derived for the two teams working on procurement projects: the Design & Construction team and the Goods & Services team.

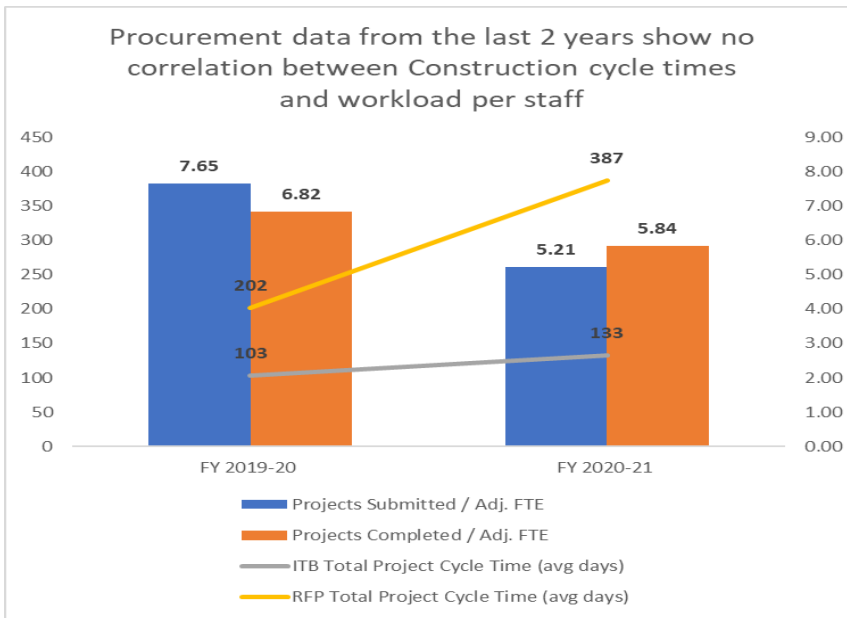
of the Initial Phase and the Service Level Agreement Cycle Time, which together add up to the Total Project Cycle Time.²



The Procurement Division’s Adopted Budget Expenditures averaged \$9.0 million between FY 2019-20 and FY 2021-22. The table below also shows the number of FTEs in the division, including FTEs for the Goods & Services and Design & Construction teams, adjusted by data on vacancies so that approximations of the number of actually filled positions were derived.

Adopted Budget	FY 19-20	FY 20-21	FY 21-22	Adjusted FTE	FY 19-20	FY 20-21	FY 21-22
Personnel Services	\$ 6,920,735	\$ 6,172,190	\$ 6,668,543	Goods & Services	14.5	13.4	16.5
External Materials and Services	\$ 1,636,582	\$ 1,242,948	\$ 1,815,325	Design & Construction	10.9	11.1	13.0
Internal Materials and Services	\$ 537,797	\$ 900,190	\$ 881,195	Other programs	15.1	11.8	12.1
Fund Transfers - Expense	\$ -	\$ -	\$ 194,590	Total	40.4	36.3	41.6
Total	\$ 9,095,114	\$ 8,315,328	\$ 9,559,653				

Design & Construction



Projects worked on by the Design & Construction Team that OMF provided cycle time data on consist of two types: Construction Invitation to Bid (ITB) and Construction Request for Proposals (RFP).

Analysis of the two years of data does not show the expected correlation between workload per FTE and cycle times. Indeed, the data shows the opposite; while both the number of Construction projects submitted per FTE and the number of Construction projects completed per FTE declined between FY 2019-20 and FY 2020-21, the cycle times for both Construction ITB and Construction RFP increased between the two years. However, the limitations of using only two points of data should be emphasized, and CBO encourages a more robust analysis be

conducted before any solid conclusions are drawn.

² For each project type, OMF provided data on three cycle times: the Initial Phase, the Service Level Agreement (SLA) Cycle Time, and the Total Project Cycle Time. The Initial Phase is defined as the average number of days between the submission of a project to Procurement and the project moving to bid or Purchase Order (PO) module, while the SLA Cycle Time is the average number of days between the project moving to bid or PO module and the completion of the project (i.e., the date that either the PO is cut or that the contract is released). The Total Project Cycle Time is the addition of the Initial Phase and the SLA Cycle Time. OMF has indicated that in response to Procurement’s customers, it expanded the measurement of cycle time to account for the period of time between project submission and when the division has enough information to identify “the path to procurement,” so the Total Project Cycle Time is a more complete accounting of the cycle.

Goods & Services

The data on the types of projects worked on by the Goods & Services (G&S) team show a much more complex picture, as there are many more types of projects than the two for the Design & Construction team that OMF provided cycle time data for. Procurement provided cycle time data on eight types of projects that the G&S team works on. The table below shows the cycle times data for the eight types of projects for the prior two years, as well as whether or not there is a correlation between the cycle times and workload per FTE. At one end of the extremes, there is one project type, G&S Small Projects, whose cycle times do correlate with the decrease in both the number of submitted projects per FTE and the number of completed projects per FTE between FY 2019-20 and FY 2020-21. At the other end, there is also one project type, G&S Cooperative, whose cycle times do not correlate at all with the decrease in workload per FTE between the two years. The rest of the project types show a mix in terms of how their workload per FTE correlates with the three different types of cycle times.

		FY 2019-20	FY 2020-21	Correlation?
G&S Invitation to Bid	Total Project Cycle Time (avg days)	160	122	Y
	Initial Phase (avg days)	27	33	N
	SLA Cycle Time (avg days)	133	89	Y
G&S Requests for Proposals	Total Project Cycle Time (avg days)	339	329	Y
	Initial Phase (avg days)	86	27	Y
	SLA Cycle Time (avg days)	252	302	N
PTE Qualification Based Solicitations	Total Project Cycle Time (avg days)	310	378	N
	Initial Phase (avg days)	0	0	I/A
	SLA Cycle Time (avg days)	310	378	N
PTE Requests for Proposals	Total Project Cycle Time (avg days)	229	245	N
	Initial Phase (avg days)	9	29	N
	SLA Cycle Time (avg days)	220	216	Y
G&S Cooperative	Total Project Cycle Time (avg days)	30	74	N
	Initial Phase (avg days)	12	25	N
	SLA Cycle Time (avg days)	18	49	N
G&S Small Projects	Total Project Cycle Time (avg days)	37	23	Y
	Initial Phase (avg days)	29	22	Y
	SLA Cycle Time (avg days)	8	2	Y
G&S Sole Source	Total Project Cycle Time (avg days)	103	65	Y
	Initial Phase (avg days)	22	25	N
	SLA Cycle Time (avg days)	81	40	Y
G&S Special Procurement	Total Project Cycle Time (avg days)	57	90	N
	Initial Phase (avg days)	18	57	N
	SLA Cycle Time (avg days)	39	33	Y

Looking at the data from the point of view of the number of projects also does not reveal any significant

results. For the two project types with the largest number of projects, the cycle times for G&S Cooperative do not correlate at all with the decrease in workload per FTE, while G&S Invitation to Bid partially does. Similarly, for the two project types with the smallest number of projects, the cycle times for PTE Qualification Based Solicitations do not correlate with the decrease in workload per FTE, while those for G&S Requests for Proposals partially do. Finally, for the cycle time measure that Procurement's customers are most concerned with, that of Total Project Cycle Time, the data shows an even split with four project types correlating and four project types not correlating. Thus, an analysis of data for the prior two years does not show any conclusive results as to whether or not there is a correlation between cycle times and workload per FTE. An analysis using only two years' worth of data is limited, and no conclusions can be drawn as to whether or not longer cycle times are due to staffing shortage issues.

As a part of the FY 2021-22 Fall Supplemental Budget process, Procurement was allocated funding for three limited term positions lasting five months to help the division improve its cycle times, and OMF has decided to request additional, one-time funding for these positions during the FY 2022-23 budget development process (see below). CBO recommends that it perform a robust analysis of the causes of and reasons behind the Procurement division's longer than ideal cycle times so that it can make an informed case for the need behind the request, especially since CBO's analysis provided here utilizes a limited set of data. Furthermore, CBO recommends that OMF make it a priority to assist the division to be able to more easily access data, including the adoption or upgrading of specialized software if necessary.

Increasing Costs of Insurance and Claims and Effects on IA Rates

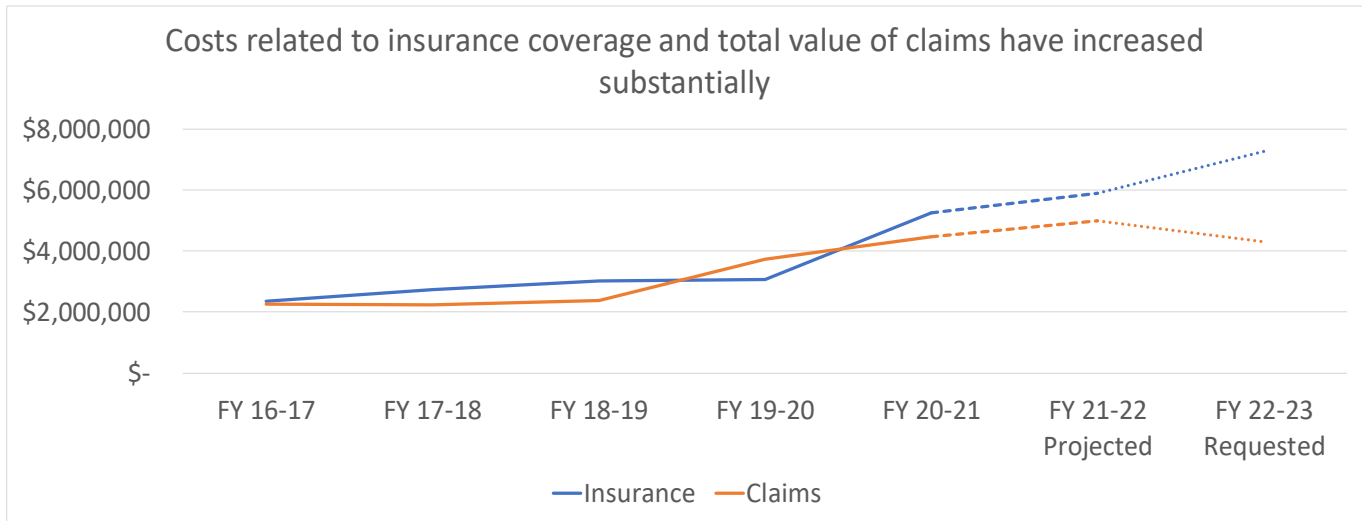
Risk Management administers the City's self-insured general liability, fleet liability, and workers' compensation programs, as well as the City's portfolio of insurance coverage, which includes property, excess workers' compensation, and excess liability. The program manages the Insurance and Claims (I&C) Operating Fund, which provides tort, general liability, and fleet liability claims administration; management of the liability excess insurance program; management of the City's commercial insurance portfolio; and Citywide leadership in loss prevention. The liability fund is funded primarily through interagency (IA) charges to City bureaus for self-insurance premiums, commercial insurance, and property insurance. Costs are allocated to bureaus based on a four-year average of claims costs and the prior year's payroll costs.

With ongoing concern over possible liability claims stemming from COVID-19, political unrest, and environmental concerns, the liability market has shrunk, with premium increases of over 30%, rising deductibles, and loss of coverage for many clients. Since the prior year, the City has experienced large increases for various forms of liability, including:

- 60% increase for general liability
- 22% increase for auto liability
- 43% increase for law enforcement liability
- 22% increase for professional liability
- 19% increase for excess liability

These increases can be attributed to the carriers' concerns of COVID-19 exposures, liability from protests and resulting law enforcement actions, as well as continual increase of nationwide auto exposures. OMF states that these substantial increases were a result of market forces, and not the City's overall claims

experience – which remains positive overall, and that Risk Management continues to work closely with its insurance broker to secure and procure the coverages necessary for City operations, at the most reasonable price point.



Commercial excess policies are purchased to protect I&C funds from catastrophic loss, and excess liability costs doubled in FY 2021-22 from FY 2019-20 levels. Risk Management has assumed 15% increases in FY 2022-23 and then 5% for the remainder of the five-year forecast period, noting that this is currently a very volatile expense. The forecast for claims payments included in the forecast are as per the fund’s actuarial consultant.

As a result of the national liability market for public entities severely contracting due to COVID-19 exposures and extensive protests nationally, policy coverage has been reduced by the excess carriers, carriers are requesting self-insured retentions (deductibles) to be raised, and premium pricing has dramatically risen. The City’s deductible is now \$1.25 million for general liability and public officials/employment practice liability areas, \$1.0 million for auto liability, and \$3.0 million for law enforcement. This additional excess coverage began in early January 2021. At the time of the Requested Budget’s submission, there is one claim reserved at or above the noted self-insured retentions. An increase in a deductible corresponds to the City incurring all claims costs up to the limit of the deductible, thus the City is now required to pay additional claims costs prior to the insurance policy limit layer becoming applicable. Historically, the City has been able to mitigate these cost exposure risks by maintaining a well-reserved fund balance.

On average, IA rates charged to bureaus increased 13% in FY 2021-22 and are projected by Risk Management to increase around 15% for the remainder of the five-year planning forecast. Factors contributing to this are large increases in property insurance, specialty commercial insurance, excess liability insurance, and one-time draws on the fund’s Rate Stabilization Reserve to mitigate large unplanned rate increases to bureaus. These draws were for an increase in property insurance in December 2019 and an increase in costs and reduction in coverage for excess liability insurance in December 2020 to prevent these costs from being passed onto bureaus last year or the current year. The Rate Stabilization Reserve covered these cost increases. However, BRFs states that with less money available in this reserve for the five-year planning horizon, and assuming rates for excess liability insurance will remain high, rates will increase by 15% each year beginning in FY 2022-23 instead of the previously planned 13%.

DECISION PACKAGES

Risk IC - Permanent Claims Analyst Position

12971, \$146,230, 1.00 FTE

Request Summary

The Risk Management program in BRFS requests to add a permanent Claims Analyst I position, funded by \$146,230 in interagency agreement revenues with City bureaus, due to an increase in workload. A limited term position funded by Insurance & Claims reserves was approved during the Fall BMP of 2021, and Risk is now converting the position into an ongoing one. During the Fall BMP, OMF had explicitly stated that it would request for the position to become permanent, and funded by IA revenues, during the FY 2022-23 budget development process.

CBO Analysis

The position approved in the Fall BMP is currently in the early stages of recruitment; the job announcement was posted on December 20th, 2021, with interviews scheduled during the week of January 31st, 2022.

A comparison with four years ago shows an increase in the number of claims per adjuster. In 2018, the open case load was 640 claims, and had the cases only been handled by the Senior Analysts, the average would have been 213 per adjuster. The current case total as of February 1st, 2022, is 732, and with current funding, that average among the three permanent employees would be 244 per adjuster. The three permanent Senior Analysts handle claims of increased complexity and financial severity (averaging about 150 files each), while one temporary Senior Analyst handles claims with increased complexity and financial severity (about 150 files), and one temporary Claims Analyst handles claims with moderate complexity and smaller financial severity (about 115 files). Of that caseload, each of the Senior Analysts, including the temporary Senior Analyst, carries an average of 23 litigated files.

In regards to industry standards, OMF states that the optimal case load would be in the 100 to 125 range, depending on the complexity of the claim load, with complex files requiring more time for investigation and evaluation of damages as well as review of contractual relationships. Litigated files require a substantial amount of time on the part of the adjuster attending key moments in the litigation such as depositions, settlement conferences and trials. The Senior Analysts spend a significant portion of their time obtaining settlement authority and preparing ordinances for all claims over \$5,000 and attending City Council meetings. OMF provided data from comparable agencies in 2018, and each had average case loads that were lower than 150 at the time.

CBO recommends the addition of the position funded by interagency revenues, as Risk has demonstrated that there is a marked increase in workload that should not be absorbed by existing positions. If existing staff were to take on the increased workload without additional help, potential consequences include a degradation in claims handling quality, lower staff morale and higher turnover, and the City paying more in indemnity or expense than warranted. However, CBO recommends that OMF better manage outreach to the paying bureaus, as a survey for support for the position was sent late, with only two bureaus responding, as Risk Management overlooked the requirement for outreach. Costs are allocated to the bureaus based on experience (a four-year average of claims costs) and exposure (prior year payroll costs).

CBO Recommendation: \$146,230 ongoing interagency rate charges | 1.00 FTE

BRFS Bonding and Technical Assistance

13099, \$185,000, 1.00 FTE

Request Summary

Procurement requests \$185,000 in one-time General Fund resources for a 1.0 FTE Analyst II position and \$1.0 million in ARPA funds for the start-up phase of a new Bonding Assistance Program. The Analyst II will serve as a Program Manager to develop the program and execute a contract for bond program education and technical services to disadvantaged, small, and minority firms, as well as design and implement a revolving loan program to provide direct assistance to firms and the collateral needed for the City to support partial performance and payment bonds required of the construction contractors participating in the program.

CBO Analysis

During the Fall BMP of 2021, BRFS made a similar request for one-time General Fund resources that was ultimately not funded. The division stated then that the Fall BMP request was in direct response to the findings from the 2020 audit on its social equity in contracting programs³, as well as the February 2021 City Council work session that directed OMF to come up with recommendations on how to improve the programs⁴. At the time, the bureau explicitly stated that it would request ongoing resources for the program during the FY 2022-23 budget development process. However, due to budget guidance, the current request is once again for one-time resources when there is clear expectation for this proposal to become ongoing.

Primary differences between the Fall BMP request and the current one include:

- The Fall BMP request did not contain the revolving loan component, which is currently \$700,000 requested from ARPA.
- The cost of the technical assistance contract has decreased from \$445,000 (from the General Fund) in the Fall BMP to the current amount of \$300,000 (now from ARPA).

BRFS states that this program is necessary to respond to the systemic and institutional barriers that impede contracting access and the opportunity for smaller diverse firms to bid on and win contracts because finance and surety services have often been out of reach for businesses owned by Black, Indigenous, and other people of color and women. The bureau believes that one of the tools to address these challenges is a bonding assistance program designed to help small contractors obtain bid, payment, and performance bonds and increase bonding capacity. BRFS states that it derived the startup costs based on conversations with other jurisdictions that have successfully implemented similar programs, and the \$300,000 will be used for a contract to provide direct support and technical assistance to businesses. The first phase of the work will be to scope the reforms and establish a bonding assistance program, while the second phase will be to implement those reforms. Other jurisdictions with these programs contract with a specialized insurance firm to deliver the services, and Procurement will know after the first phase if this is the recommended approach for Portland.

While CBO was supportive of the Fall BMP request, the office also noted that the request was clearly a new ongoing initiative, and at that point, it was unclear how much new ongoing General Fund resources would be available during the FY 2022-23 budget development process. CBO advised that if Council

³ <https://www.portlandoregon.gov/auditservices/article/765110>

⁴ <https://www.youtube.com/watch?v=-kazAMciDHI>

funded this new initiative during the Fall BMP, it should be ready to fund it ongoing. CBO also noted that the first presentation to Council of ways to improve the social equity in contracting programs was not happening until December 2021, and thus, this proposal had not yet been vetted by Council, and approving it during the Fall BMP would preempt the December report. The presentation on ways to improve social equity in contracting programs did not end up taking place in December, and Procurement is now aiming to bring several items to improve its social equity programs and their outcomes to Council in March 2022.

While CBO continues to advise against the use of one-time funds for ongoing needs, a practice which is against the City's financial policies,⁵ the effort can be considered a one-time pilot since the technical assistance contract would necessarily be a finite one. CBO believes that the effort would ultimately not move forward without the funding from ARPA for the revolving loan fund and the technical assistance contract. Without the revolving loan fund or the technical assistance contract to manage, not much can advance even with the addition of a position. Therefore, CBO recommends the addition of \$185,000 in one-time General Fund resources as requested only if the ARPA resources are also provided.

Procurement believes that if ongoing General Fund resources are not devoted to the program, it would be unlikely to be able to identify alternative funding. The division has also indicated the possibility of another scenario in which the technical assistance components of the program might end, but the City may be able to continue to administer the revolving loan pool, but that would require further analysis and stakeholder vetting to determine whether decoupling these two components of the revolving loan fund and the technical assistance would be an effective investment. Another possibility was also brought up during the Fall BMP, in which Procurement stated that if ongoing funding for the program is not approved during the FY 2022-23 budget development process, it may seek funding from regional partners to develop a regional approach to these priority services.

CBO recommends the allocation of \$185,000 in one-time General Fund resources for the Analyst II position, as requested, contingent upon the allocation of \$1.0 million in ARPA funds. The effort makes progress on the City's equity goals and also meaningfully advances on the Mayoral or Council priority of Economy Recovery, as laid out in budget guidance. Moreover, the efforts have been proven to be effective in other jurisdictions, as noted by Procurement in the request's narrative. If one-time funding is allocated for the program, and the City's pilot is ultimately proven to be effective after an evaluation, BRFS would be able to make a good case for devoting ongoing resources for it when they are available.

CBO Recommendation: \$185,000 one-time | 1.00 FTE

Reduce Procurement Cycle Time

13098, \$502,000, 3.00 FTE

Request Summary

BRFS requests \$502,000 in one-time General Fund resources to continue funding for the two Senior Procurement Specialists and one Procurement Specialist in the Goods & Services (G&S) Team added during the Fall BMP in order to accelerate service delivery and reduce cycle times. OMF states that staffing is a key limiting factor in the division's ability to deliver high-quality and prompt service to customer bureaus and that without increased staffing levels, service delivery issues will persist where

⁵ [FIN-2.04 - Budget | Portland.gov](#), Operating Policies, no. 1 and 2.

bureaus rely on goods and services procurement.

CBO Analysis

The bureau provided data to illustrate the problem the positions are expected to help mitigate, including:

- Over the last two fiscal years, Procurement only completed 85% of the projects submitted by customer bureaus.
- Over the last three fiscal years, the initial phase for Goods & Services procurement projects grew from 13 to 32 days.
- Goods and services procurement staff currently carry an average active workload of 32 projects each, compared to the industry benchmark of 20 to 25 active projects viewed as a reasonable active project load per FTE.

With the addition of these positions, the initial phase of Goods & Services procurement projects is expected to be reduced by 50%, and the overall cycle time for Goods & Services project completion should decrease by 10%.

Concerning the Fall BMP allocation, Procurement states that given the lead time to classify, create, and recruit positions in the City, it chose first to bring on temporary staffing resources to make a rapid impact in addressing Goods & Services cycle times, and three temporary staff are on board as of mid-January. Their scopes of work are directly impacting Goods & Services workload. These positions are working on routine tasks (e.g., electronic file setup and storage) so as to free up procurement specialists to focus on more “value added” procurement functions.

In addition, Procurement believes that based on recent experience with Procurement Specialist recruitments and the overall labor market trends, it is highly unlikely that recruiting for limited term positions will yield qualified candidates. While the division awaits the final decision of this FY 2022-23 request for funding, it is evaluating bringing on additional temporary staff to further assist reduction in cycle times and deploying a portion of the \$250,000 allocated during the Fall BMP to fund a consultant-led project to re-establish sound and widely accessible policy and procedure documentation.

While BRFS is requesting to extend funding for the limited term positions added during the Fall BMP, it ultimately believes that ongoing positions are needed to improve cycle times and is requesting one-time funds only due to budget guidance. However, Procurement also acknowledges that while staffing is a key limiting factor in the division’s ability to deliver high-quality and prompt service to customer bureaus, the root cause issues are not exclusively tied to staffing levels. It states that another fundamental root cause issue in extended cycle times is a lack of clarity in process, roles, and responsibilities and is actively working with customer bureaus to address non-staffing level service delivery issues -- e.g., role and responsibility clarity, improved training and documentation, and business process improvement. For example, to this end, a business excellence manager role and initiative were launched effective November 1st, 2021.

CBO does not recommend the addition of one-time funds for an extension of the positions added during the Fall BMP for various reasons. While additional staffing may help improve cycle times, there is no clear correlation between cycle times and workload (see the Procurement Cycle Times and Staffing section under Key Issues above). CBO recommends that Procurement perform a robust analysis of the causes of and reasons behind the Procurement division’s longer than ideal cycle times so that it can make an informed case for future requests for additional staffing. This analysis may point to resolutions that do

not result in increased need for staff positions. CBO supports the deployment a portion of the \$250,000 allocated during the Fall BMP to fund a consultant-led project to re-establish sound and widely accessible policy and procedure documentation, and the office also recommends that OMF make it a priority to assist the division to be able to more easily access data, including the adoption or upgrading of specialized software if necessary. Finally, CBO does not recommend the allocation of one-time resources for needs that are ongoing, a practice which is counter to the City's financial policies.⁶

CBO Recommendation: \$0 one-time | 0.00 FTE

Revenue Division Tax Programs

13097, \$1,001,037, 11.00 FTE

Request Summary

There are three components to this \$1,001,037 request for 11.0 new FTEs in the Revenue Division:

1. 3.0 FTEs funded by Metro and Multnomah County to collect taxes for those jurisdictions;
2. 3.0 FTEs in the Business License Tax Program requested due to an increase in workload, specifically, an increase in business tax accounts; and
3. 5.0 FTEs in the Business Solutions Division for ongoing maintenance and support of the Integrated Tax System (ITS).

The cost to the General Fund of these positions total \$445,198 in ongoing resources, and OMF has not provided an offsetting decision package as required under budget guidance.

CBO Analysis

Metro and Multnomah County Revenue Collection

Costing \$345,000, the three Revenue & Tax Specialist (RTS) positions devoted to collecting taxes for Metro and the Multnomah County tax programs are exclusively funded by those jurisdictions, with no financial obligations to the City. The current IGAs with these jurisdictions have sufficient funding to cover the positions, and the Revenue Division is simply seeking position authority with this request.

Business License Tax Program

To respond to an increase in the number of business tax accounts, three limited term Revenue & Tax Specialist positions were authorized for three fiscal years (FY 2018-19 through FY 2020-21), and the Revenue Division is requesting that these be made permanent. These positions were not requested for FY 2021-22 due to bureau oversight; BRFS states that the implementation and scaling up for new tax programs caused numerous internal promotions and movement of staff from operations to project work but also created enough vacancy savings to be able to absorb the loss of funding for this year. Concerning workload, BRFS indicates that the number of active accounts were about 99,000 in 2018 and as of January 2022, has grown to 130,000, a 31% increase, and the number of accounts has doubled since 2015. The bureau notes that the requested 3.0 FTEs represent 8% of Portland business income tax staffing, restoring staffing to prior year levels, and states that the remainder of the workload increase is being absorbed through efficiencies, automation, and economies of scale tied to ITS and

⁶ FIN-2.04 - Budget | Portland.gov, Operating Policies, no. 1 and 2.

multijurisdictional tax administration. The cost to the General Fund for these positions is \$345,000 ongoing.

BRFS states that if these positions are not continued, the City will lose tax revenue because staffing will be insufficient to effectively maximize City revenue, and the estimated return on investment (ROI), i.e. preserved General Fund enforcement revenue, is \$1 million. The Revenue Division's ROI methodology is based on current year budgeted Business License Tax revenue, assuming that half of the revenue comes from large businesses that are generally compliant and therefore, not sensitive to staffing levels. The remaining 50% of revenue comes from smaller businesses, and 1.0 FTE results in 0.5% of compliance. BRFS states that this the same methodology that Revenue has used for a number of years. The calculation provided by the bureau is as follows:

Business License Tax Budgeted Revenue:	\$139,670,137
Compliance Assumption (50%):	\$69,835,069
Compliance per FTE:	0.5%
Revenue per FTE:	\$349,175
General Fund FTE in Request:	3
ROI:	\$1,047,526

BRFS asserts that the Revenue Division enforcement revenue ROI methodology was reviewed by outside consultants a number of years ago at the request of CBO and was found to be sound and likely under-reporting enforcement revenue. The methodology has not changed, and enforcement revenues have been tracked each year. However, in CBO's review of OMF's FY 2017-18 Requested Budget, the office examined an audit performed by outside consultant Intellibridge in 2010, which confirmed that marginal Revenue & Tax Specialist positions in the Revenue Division created a net positive ROI of at least 2:1. The audit looked at seven positions back in 2010, and CBO found that while there was clearly a positive ROI on the seven positions studied, the report does not assert that this 2:1 ROI could be assumed in perpetuity, nor be used as a general rule of thumb for returns on additional RTS positions in the Revenue Division.⁷ As the methodology review took place 12 years ago, CBO recommends that it be updated.

Regardless, given 1) the Revenue Division's assertion that not adding these positions would result in foregone General Fund revenue to the City that exceeds the cost of the positions, and 2) increasing workload in the Business License Tax program cited in the package narrative, CBO recommends one-time funding for the addition of the positions, as the amount of available ongoing General Fund resources is minimal and not enough to cover these positions ongoing. The one-time resources will enable the bureau to fund the positions limited term, as they had been funded in prior years.

Business Solutions Division

For this division, BRFS is requesting to add three Business System Analysts, one Analyst, and one Coordinator for ongoing maintenance and support of ITS. These are budgeted through the ITS cost allocation model paid for by all jurisdictions and agencies with revenue programs administered in ITS. The Revenue Division states that at the conclusion of the first year of ITS stabilization, it became apparent that a different mix of software vendor and City personnel support was required for optimal ITS support,

⁷ <https://www.portlandoregon.gov/cbo/article/631358>

particularly in the area of reporting. BRFS concluded that these tasks are better performed by City staff due to embedded business knowledge. The total cost of the five positions is \$691,661. After an internal reallocation of \$380,624 (from software vendor support to City personnel), the remaining cost of the positions is \$311,037, to be funded by \$100,198 in General Fund resources, \$150,758 by Metro and Multnomah County, and \$60,081 from the remaining ITS stakeholders.

The bureau asserts that if these positions are not added, the consequences would be multiple, including a continued inability to meet the increasing demands for data and information, a forced limit on analytical work to support revenue collection efforts, and a reduced capacity for both ITS system enhancements and the related software processes that support system work, such as testing and project management. Key functionality requested by jurisdictional partners and City staff will not be implemented or will be significantly delayed. Revenue's Data Analytics team currently has 76 requests in queue, and the queue continues to grow over time, with roughly half of the requests waiting for more than half a year due to the division's limited staff capacity. Some examples of high priority requests currently in queue (and therefore, are delayed) include requests for data on delinquent receivables, Tax Gap analysis, compliance reports on the various tax streams, and work requests for Federal Taxpayer Information data analysis.

In addition, the Revenue Division states that there will be ROI impacts, tied to the work done by current staff working to increase revenue recovery for both the City and Multnomah County. However, the value of data analytics work is not typically measured via ROI, but rather, through the ability to produce information required by internal and external stakeholders and decision makers. While functionality such as reporting and other statistical analysis are not a direct driver of ROI, the benefits and indirect returns on the investment are apparent, according to the bureau. In some specific cases, however, ROI and reporting are directly linked, such as when reports are directly supporting targeted revenue collection efforts.

The Revenue Division received \$204,767 in General Fund resources during the Fall BMP several months ago for the City General Fund's share of ITS costs, including an ongoing allocation through a CAL increase. The CAL adjustment was a true up of the initial Cost Allocation Model estimates and accumulated changes that had occurred over a period of no less than two years. The Revenue Division states that this current request in the FY 2022-23 Requested Budget is associated with much needed reporting. If the request is approved by Council, the Cost Allocation Model will technically be updated at that point to reflect a larger cost pool, including the additional costs allocated to the partners driven by the decision package.

CBO is recommending the addition of the five positions for the Business Solutions Division, with the General Fund component funded one-time (\$100,198) due to the lack of ongoing General Fund resources. Should Council wish to authorize the positions on an ongoing basis, Council could choose to do so which would make the ongoing costs be incorporated into modeled costs included in the Fall true-up process for ITS and taken out of forecasted FY 2023-24 resources in the next December forecast. While these positions mostly would not directly impact ROI, they should create efficiencies by speeding up the process of data analysis and enable more timely and better decision making, thereby indirectly affecting ROI. CBO also notes that the City also has an obligation to the other jurisdictions to fulfill requirements as outlined in its IGAs with them, which include timely data analyses and reporting. Funding from these other jurisdictions for their portion of the positions is already provided via the IGAs.

CBO Recommendation: \$555,839 ongoing user agency charges | \$445,198 one-time General Fund resources | 11.00 FTE

Ongoing Support for Bargaining Agreements

13201, \$2,333

Request Summary & Recommendation

This request represents the ongoing costs from the recent bargaining agreement for the District Council of Trade Unions (DCTU). CBO recommends this request.

CBO Recommendation: \$2,333 ongoing General Fund

BI and DV ARPA Pilot

13068, \$412,800

Request Summary

Seeking to design, implement, and support an enterprise business intelligence (BI) and data visualization (DV) service for the City, BTS is requesting to add \$412,800 in ongoing costs to its budget, to be funded by City bureaus through interagency agreements, but also by \$175,689 in ongoing General Fund resources as a full subsidy for General Fund-supported bureaus. The request is linked to two other decision packages, one for \$1.1 million in American Rescue Plan Act (ARPA) resources to design and implement the system, also in BTS's Requested Budget, and the other in the Bureau of Planning and Sustainability (BPS) for data governance support. This effort will start with a pilot using ARPA project tracking and reporting data, in partnership with BTS, BPS, and the Office of Equity & Human Rights (OEHR). The request has a component for ongoing General Fund resources, and OMF has not provided an offsetting decision package as required under budget guidance.

CBO Analysis

At the direction of City Council via a Budget Note, BTS contracted with consulting firm Delaris LLC to gather requirements for a Citywide data visualization platform. A key finding from this work revealed that visualization is the easy part and that analysts' predominant struggle is in finding data, understanding its source, and "cleaning" it for use. Building on the work of Delaris, the experience of BTS's Corporate GIS program, and the work of Smart City PDX, BTS and BPS propose a BI and DV service. The initial effort focuses on building a system to house, share, and facilitate analysis and visualization of data needed to track ARPA project budgets and community outcomes. Through starting with ARPA project tracking, this project leverages data gathering and governance work currently in progress with BPS, OEHR, and the OMF-Bureau of Revenue and Financial Services across a broad spectrum of critical City services. The resulting system and resident data would then be used as the basis for continuing to build out an enterprise service.

BTS notes that this proposal brings together the equity-informed tracking work on ARPA projects already in flight with BRFS, BPS, and OEHR. Learning from and improving upon the CARES Act implementation, the City created a Delivery Team to implement the \$208 million of ARPA Local Fiscal Recovery Funds comprised of a Rescue Plan Strategic Project Manager, grants analysts, procurement specialists, the Unified Communications Pilot Team, and a new Data and Equity Strategies Team led by BPS's Smart City PDX team in partnership with OMF and OEHR. The Data & Equity Strategies Team essentially supports the ability of all ARPA projects to track performance and output/outcome measures more effectively by developing policies, practices and systems for better governance, management, analysis, visualization and sharing of data. Work completed to date includes an ARPA Reporting Guide, development of Local Fiscal Recovery Funds (LFRF) Data Standards, and the build out of an initial ARPA project data database design. Upcoming work for the Data & Equity Strategies Team includes preparing for the first data

submission deadline on February 28, complete building of the ARPA LFRF database, and designing the ARPA LFRF Open Data Portal landing page(s) with general data dashboards and data stories about spending and community impacts.

BTS believes that the implementation of this system will result in Citywide savings. It states that currently, bureaus bear the brunt of all BI and DV costs on their own, with one bureau already investing more than \$50,000 in software, platform, and maintenance costs per year, and each bureau managing data within its own software instance. Moreover, BTS states that under the current circumstances, a bureau that hires a data analyst cannot get the full value because of a lack of standards and access to all the data that is relevant and timely that may exist outside of the bureau to which the analyst has no visibility, awareness, access and/or data is otherwise unusable. The bureau believes that if this decision package is not approved and fully funded, bureaus that can afford to will continue to acquire data on their own, access to data will be inequitable, data owners will continue to get multiple requests for the same data, full value will not be achieved, and investments continue to be duplicative, one-off, and disparate.

Budgeted in professional services, the \$412,800 request figure is based on estimated ongoing costs to provide the basic business intelligence and data visualization service and can be broken down, using an estimated \$130/hour cost based on BTS's experience of hiring mid-to-high level contractors, as follows:

- Data architecture – 1,080 hours / \$140,400
- Data science – 400 hours / \$52,000
- EBS Functional – 200 hours / \$32,000
- EBS Technical – 300 hours / \$48,000
- Product Owner – 1,080 hours / \$140,400

The methodology BTS used to get to the percentage each bureau pays is based on its Corporate Allocation model - current fiscal year budgeted BTS IA amounts as a percent of the total BTS IA amount which functions as a proxy for bureau level of data ownership and potential use of a business intelligence and data visualization service. BTS notes that the data being collected in the ARPA case scenario is not specific to BPS, BTS, and OEHR; APRA funding is being used for projects Citywide for Council Priority programs that impact the community at large. Additionally, after the system is built, it will have expansion capability for other data visualization needs. The bureaus are being asked to pay for ongoing support and maintenance of enterprise data.

Costs not included here are estimated at \$400,000 per year in direct system subscription costs for access to tools, directly charged to bureaus on a per user basis for software. These subscription costs are for optional, enhanced, and individualized services to individual bureaus.

Due to the lack of ongoing General Fund resources, CBO is not recommending this decision package as it has been requested. If ARPA resources are provided, but ongoing General Fund dollars are not, BTS states that it would need to work with the ARPA team to ensure that only system components specifically required for ARPA project tracking are built, the system would be decommissioned after ARPA project tracking is complete, and the City would lose the investment in and ability to leverage an active system that could receive myriad other data sources and create enterprise data sharing/visualization opportunities.

An alternative would be to require the General Fund bureaus to pay their share of the ongoing costs, along with the non-General Fund bureaus. Outreach that OMF has undertaken to the bureaus show a lack of support from several large General Fund-supported bureaus, with several other General Fund bureaus

only in support if they receive the full subsidy. If Citywide savings are indeed viable from this initiative, CBO recommends that BTS undertake a more extensive bureau engagement process with both bureau finance staff as well as program staff to more convincingly demonstrate both what can be achieved through an enterprise effort as well as what cost savings individual bureaus may eventually realize in exchange for this centralized service cost.

CBO Recommendation: \$0 ongoing

BTS Audio/Visual Support

13066, \$250,000, 1.00 FTE

Request Summary

To comply with new guidelines and requirements for public meetings as the COVID-19 pandemic potentially wanes, BTS is requesting \$100,000 in one-time funding for Audio/Visual (A/V) equipment for City bureaus and \$150,000 in ongoing resources for a 1.0 FTE Electronics Technician II position to support A/V technology in City facilities in the downtown core area. As a part of this decision package, BTS is requesting that General Fund-supported bureaus receive a full subsidy of their share of the costs (\$46,782 in one-time General Fund resources and \$70,175 in ongoing General Fund dollars), while non-General Fund bureaus would pay their share with their own resources. The request has a component for ongoing General Fund resources, and OMF has not provided an offsetting decision package as required under budget guidance.

CBO Analysis

Prior to the pandemic, A/V technology was designed and deployed predominantly with the assumption that most attendees would be in a room or on the phone and any video required was in the form of sharing a screen or presentation rather than a camera view of attendees, and A/V installations across the City were sporadic, non-standard, bureau-funded, and bureau-deployed. Since March of 2020, BTS has worked to not only support City employees with the ability to efficiently work remotely, but also hold meetings, public or otherwise, using their cameras, chat, hand-raising, captioning, and sharing screen content on the fly. As the pandemic potentially wanes, new guidelines and requirements have been issued to allow for hybrid meetings which involve both in-person spaces as well as the technology to support remote attendance.

BTS states that it and the City are not able to successfully support this need with current resources and equipment. A/V equipment to support in-person and remote workers varies considerably, or does not exist, throughout the bureau landscape; challenges include limited funding to procure equipment, spotty upkeep of existing equipment, timely support response, and support responders finding a great variety of equipment installations. The bureau indicates that it does not have resources dedicated specifically to conference room support. Currently, conference room A/V is supported by the same team that does all other low voltage cabling and A/V work for the City, including security cameras, paging systems, etc. BTS believes that given the cost of contracted on-call support for A/V equipment, funding a full-time position is the most sustainable and cost-effective solution. If this request is not funded, the bureau states that it will not be able to provide dedicated conference room support and any support of Council meetings will continue to be billable.

The bureau states that there are no dedicated resources to support conference room A/V needs and accommodate foreseen hybrid meeting capability demands, and the current team has some other large A/V projects on the horizon that will need its attention, including the Police body worn cameras project

and the replacement of the current video management software that is reaching end of life this calendar year. Other large projects needing attention directly affect the safety and security of employees and community members in City facilities. BTS indicates that without a dedicated A/V support position, a service reduction will need to be taken from another service, likely impacting support for other video services related to security. Planned Communications projects would take longer to complete, and there will be delayed response times for A/V tickets because current A/V staff are located at the Communications Building. Furthermore, BTS plans to make Council Chambers A/V a priority while Council is in session, so an FTE will likely need to continue to be borrowed from the Support Center or elsewhere to ensure functioning equipment. BTS would also need to create a price agreement for bureaus to use to help troubleshoot and fix issues with their A/V equipment.

Concerning the one-time costs, BTS states that the \$100,000 will be spent on equipment that will allow bureaus to host virtual meetings from their bureau specific conference/huddle rooms. The funding will help bridge the equipment gap resulting from non-standard setups and limited cameras. Depending on bureau need, it would be able to fund a microphone, a camera, a polycom cart, a monitor, a combination of items, or some other equipment that helps facilitate hybrid meetings. BTS considers \$100,000 to be a jump start for bureaus in preparation for future hybrid meetings, based on multiple questions and requests from bureaus, including bureau directors, who express concern over A/V availability in offices. Some bureaus will find they need more equipment than others, while other smaller bureaus may not want to pay ongoing replacement costs for a lot of equipment. BTS states that based on the current gaps and extreme variety in quality and availability of A/V equipment outside the Portland Building, asking bureaus to fund equipment themselves would result in inequities and support challenges. The bureau considers taking a proactive approach to request an IA funding mechanism, so that bureaus have an initial pot of funding for their future A/V needs, to be the best path forward. Based upon past and current experience, BTS believes that having a full-time position dedicated to downtown is the most sustainable and cost-effective option to provide support for the myriad of A/V environments in place now and into the future.

CBO recognizes the urgency and importance of this request as hybrid meetings are likely to become a requirement of the City's business in the near-term. However, CBO has concerns around the fairness of the proposed funding model, as the methodology BTS used to calculate what percentage each bureau pays is derived from the General Fund Overhead Model, which is used to support services that provide direct or indirect benefits for all bureaus and functions Citywide. This methodology does not take into account that some bureaus have less of a presence in the downtown area, or if they are in the downtown core, if they have already devoted their own resources to A/V support and enhancements. BTS chose this methodology because it maintains that all bureaus benefit from dedicated A/V staff during Council sessions and from central services based in the downtown core that support all City operations. The bureau states that while the FTE dedicated to A/V may have a primary focus on downtown locations, the benefit of the additional resources allows current staff to perform more timely work on other City needs at other locations.

Even though the position will be primarily focused on supporting the downtown core buildings which includes City Hall and Council Chambers, BTS acknowledges that there are A/V needs elsewhere in the City. For instance, there have been inquiries posed to BTS around having a satellite space in East Portland for community members to attend Council meetings, provide testimony, and participate virtually in boards and commissions. Indeed, the City has acknowledged that historically, there has been too much of an emphasis on the downtown core, resulting in a neglect of areas such as East Portland. This request's continued emphasis on the downtown area may continue that legacy of inequitable distribution of attention and resources.

Due to the need and urgency of this request and due to the limited amount of available General Fund resources, CBO recommends that all bureaus absorb the costs as contained in the current IA model **for next year only** to fulfill the requirements of the new guidelines for hybrid meetings next year. For future years, CBO recommends that Council adopt a budget note that directs BTS to, over the course of next year, develop an IA funding model that is more equitable, taking into account both the geographic footprint of the various City bureaus and their utilization of BTS's A/V services. To serve the downtown area, BTS states that it is possible to conceive of having an FTE charge some percent of its time to a Council Chambers specific spread, and then the rest of its time billed by square footage of downtown space, number of downtown FTE, value of conference room A/V equipment of bureaus in the downtown core, a combination of variables, or some other downtown core only metric. This method would necessarily be a larger administrative lift to track the metrics used. Alternatively, BTS can create more than one position and provide A/V support to bureaus citywide, and not just serving the downtown core, and develop an IA funding methodology that equitably reflects Citywide utilization. In addition, CBO recommends that OMF engage with customer bureau stakeholders and the city's various communities in a wider discussion of how to meet the new hybrid meeting requirements as well as make it easier for community participation in the City's public meetings, e.g., enabling access to City facilities after business hours.

CBO Recommendation: \$0 ongoing | \$250,000 one-time (IA Resources) | 1.00 FTE

BHR-Senior Class Comp Analyst

DP 13085, \$71,964 one-time General Fund discretionary, \$99,384 one-time General Fund overhead; 1 LTE

Request Summary

This request is for \$71,964 in one-time General Fund discretionary resources and \$99,384 in one-time General Fund overhead for a one limited term Human Resource Analyst III to support the BHR's Senior Classification and Compensation Team.

CBO Analysis

CBO's FY 2021-22 Review of OMF's Requested Budget thoroughly describes the steps BHR has taken over the past two years to build the bureau's core competencies and IT infrastructure to operationalize the ongoing requirements of the law. These efforts include the Job Architectural Framework that identified work of comparable character and the completion of the City's second pay equity analysis for non-represented staff. To support BHR's workload, the FY 2021-22 Adopted Budget included \$423,511 in ongoing General Fund discretionary resources for 2.0 FTE to support the implementation of the Oregon Equity Pay Act. The current year budget also included \$160,000 in ongoing General Fund resources for software maintenance and professional services that support compliance with the Act.

BHR's FY 2022-23 request for one limited term position would support two key objectives: 1) the expansion of the pay equity program to include all City employees, and 2) the redesign of the current non-represented compensation structure.

Expansion of the pay equity program:

The bureau asserts that the city has been able to meet the Equal Pay Act requirements because the compensation structure dictates how all represented staff move through the compensation ranges and pay scales. The represented compensation structure, by design, doesn't include customized salary offerings based on a person's knowledge, skills, or abilities. According to the bureau, this has made finding and retaining talent a growing issue for several job classifications.

To address this issue, BHR is requesting to expand the pay equity program for the City's approximately 5000+ represented staff. The expansion of the pay equity program would presumably involve a pay regression analysis and proposed changes to the compensation structure for represented staff. However, the impact these changes could have on negotiated labor agreements, the represented compensation structure, and the fiscal implications for the City overall is unclear.

Redesign of the current non-represented compensation structure:

In addition to expanding the pay equity program to represented staff, the limited term position would redesign the City's non-represented compensation structure. The current pay structure has large overlapping pay ranges that create challenges with setting starting pay that both recognizes the knowledge, skills and abilities of candidates and complies with the law.

The City's current non-represented compensation structure was finalized in 2018 which reduced the number of non-represented classifications from 400 to 100 and significantly widened the high and low ends of the pay ranges. To identify work of comparable character within the revised classification and compensation system, the Job Architectural Framework created "job families" to narrow the City's job classifications into groups but did not change the pay bands. In addition to expanding the pay equity program, the limited term position would work on the redesign of the non-represented pay structure.

CBO does not recommend new General Fund resources for this request. Given the number of staff and ongoing resources needed to build the bureau's pay equity program for 1000+ non-represented staff, one limited term position is not sufficient to start this process for 5000+ staff. Further, expanding the City's current non-represented employee pay equity process could have significant fiscal and legal implications that need to be more thoroughly discussed with Council and resourced before moving forward. CBO does agree that the non-represented compensation structure should be updated and recommends the bureau use current year underspending and resources that could be considered as carryover requests to support the redesign of the non-rep pay structure. This decision package would be incorporated into the bureau's FY 2022-23 Adopted Budget if approved in the Spring Supplemental Budget Monitoring Process.

CBO Recommendation: \$0 | 0.00 FTE

BHR-Minority Evaluator Program

DP 12998, \$69,017 General Fund one-time resources

Request Summary and CBO Analysis

This request is for \$69,017 in General Fund one-time resources to support the City's Minority Evaluator Program (MEP). Funding was cut for the program as part of the bureau's response to the Mayor's FY 2021-22 5% cut guidance. In the current year, the bureau has funded the program through bureau underspending and vacancy savings. BHR will request ongoing funds when they are available in a future budget process.

The MEP program was developed in February 2010 in accordance with Resolution #36757 which was passed by City Council in December 2009. The program requires all City bureaus to include at least one minority evaluator on contractor evaluation and selection panels for Request for Proposals (RFPs) that meet the formal City Council contracting dollar threshold. The program supports and partners with community-based organizations that provide training, technical assistance and education to culturally specific communities and COBID certified firms.

Given the number of requests competing for limited General Fund resources, CBO is unable to recommend this request. The bureau does have current year underspending and resources that could be

considered as carryover requests to fund this proposal in FY 2022-23. This decision package would be incorporated into the bureau's FY 2022-23 Adopted Budget if approved in the Spring Supplemental Budget Monitoring Process.

CBO Recommendation: \$0

BHR-Oregon and Washington Paid Family Leave Implementation, Management and Administration

DP 12997, \$148,540 one-time General Fund discretionary, \$205,135 one-time General Fund overhead, 2.0 LT FTE

Request Summary

This request is for \$148,540 in one-time General Fund resources and \$205,135 in one-time General Fund overhead. It includes \$40,000 to support the technical and testing requirements for Washington's Paid Family Medical Leave Act and \$302,612 in one-time funding for two limited for 2.0 limited term positions to support the implementation of both Oregon and Washington's Paid Family Medical Leave Act (PFMLA).

CBO Analysis

In the FY 2021-22 Adopted Budget, BHR received one-time funding for the two limited Human Resource Analyst IIs (HR Analysts IIs) and \$40,000 in one-time funds to support the technical implementation costs of Oregon's Paid Family Medical Leave Act. The Oregon Legislature passed the Family and Medical Leave Insurance Program to allow for paid family and medical leave benefits starting in 2023 for most employees working in Oregon. Implementation of this law is currently delayed, and the earliest the City can expect this expense to occur is January 2023, with paid leave benefits commencing September 2023. BHR will be managing the ORPFMLA premium collection and remittance process to the State of Oregon.

This requests another year of funding to support the positions and \$40,000 in additional one-time funds to support the City's technical compliance with Oregon's Paid Family Leave Act. City employees working remotely from Washington for more than 820 hours for four consecutive quarters in a year (equivalent to approximately 16 hours per week) are subject to the law.

In the current year, BHR has had difficulty recruiting for the two limited term positions needed to support this work. A person recently accepted an offer for one of the positions and the bureau expects to fill the second position in the next month. The \$40,000 in one-time funds to support the technical requirements for Oregon's PFMLA program is also delayed until the state releases the final administrative rules for program. BHR asserts the additional \$40,000 in one-time funds are needed to configure the SAP system for Washington's PFMLA which has different legal requirements; however, the BTS solution and timeline for updating the system are unknown. The cost estimate has a medium confidence level.

CBO does not recommend new General Fund resources for this request due to constrained General Fund resource. Given the unknown timeline for updating SAP for Washington's PFMLA program and the likelihood of underspending in the current year, CBO recommends the bureau submit a carryover request to fund this proposal in FY 2022-23. This decision package would be incorporated into the bureau's FY 2022-23 Adopted Budget if approved in the Spring Supplemental Budget Monitoring Process. CBO notes that there are also resources that have been set aside for PFMLA that could be drawn on for this purpose.

CBO also notes that this one-time allocation for two limited term positions is likely to become a request for ongoing resources. Should this proposal be funded, CBO recommends that Council prepares to prioritize ongoing resources for this program over other needs and services.

CBO Recommendation: \$0 | 0.00 FTE

BHR-Wellness Program Coordinator

DP 12990, \$133,841

Request Summary

This request is for a \$133,841 ongoing increase in the Health Fund's internal administrative fees to fund a permanent Wellness Program Coordinator position. Currently, the Wellbeing Program Coordinator is in a limited term position. Of the \$133,841 proposed increase in the Health Fund's internal administrative fee, \$51,365 will be paid for by General Fund bureaus; \$51,717 from non-General Fund bureaus; and the remaining \$30,759 will be funded by employees and retirees through their Health fund administrative fees.

CBO Analysis

The Wellness Program Coordinator is responsible for developing and implementing the CityStrong Wellbeing program by collaborating with bureaus to coordinate onsite and virtual wellness opportunities including individual and group education and coaching. The position also coordinates wellness opportunities through the Employee Assistance Program (EAP), health plans, and vendor partners. The position's desired outcomes include improved job morale and satisfaction, and employee retention. Notably, the bureau has added several performance measures to track the progress of the Wellbeing program. Other similarly sized jurisdictions such as Multnomah County have centralized wellness resources for employees including a Wellness Coordinator position and support staff.

CBO recommends this request for an increase in the Health Fund's internal administrative fee to cover the cost of the Wellness Program Coordinator. Promoting a cultural of wellness and the physical, emotional, and mental wellbeing of City staff is important for job retention and morale, particularly considering traumatic events like the pandemic, the effects of systemic racism and anti-blackness, the political division within our country and climate change and global warming effects.

CBO Recommendation: \$133,841 | 1.00 FTE

CAO-Security Program-Additional Positions

DP 12957, \$338,125 in interagency revenue, 2 FTE

Request Summary

This request funds 1 FTE Business Systems Analyst and 1 FTE Coordinator II position to augment OMF's Integrated Security Program. The positions will be funded through two rate increases: the Security Program Corporate Rate which is allocated to all City bureaus based on budget size and position authority and the Security Program Enterprise System rate will be funded through rental rates were Genetec is installed and through direct charges to other bureaus. Of the \$338,125 ongoing increase in interagency expenses, \$159,592 of the cost will be assumed by General Fund bureaus and non-General Fund bureaus will pay \$178,533.

CBO Analysis

Over the past two years, the frequency and severity of security incidents that involves City staff and City property has increased significantly. Currently, the City's Integrated Security Program is led by the OMF Security Manager. The position is responsible for a large portfolio that includes implementing the Genetec system, conducting facility threat, vulnerability, and risk assessments, incident management and

response for employee workplace safety and security, creating and maintaining emergency response plans and training exercises, and collaborating with the Security Stakeholder Steering Committee (SSSC) to develop citywide policies, procedures, and workplace protocols. These positions will provide additional capacity to support the coordination and citywide implementation of the Genetec security system, and provide more capacity to develop citywide policies, procedures, and workplace safety security protocols and training materials.

Given the existing workload of the OMF Security Manager and the growing frequency of security incidents at the city that require support from OMF's Integrated Security Program, CBO recommends this request.

CBO Recommendation: \$338,125 | 2.00 FTE

CAO-Unified Communications

DP 13072, \$120,000 in one-time General Fund discretionary resources

Request Summary and CBO Analysis

This request is for \$120,000 in one-time General Fund resources to support citywide communications, including the creation and translation of content that improves access to government services and media and software subscriptions that are available across bureaus. This request would build upon the Unified Communications pilot that was launched in 2021 and is funded with American Rescue Plan resources. The pilot is staffed by two limited term positions and is guided by a Citywide steering committee. The request would utilize the existing Communications Team pilot team to allocate the additional resources to improve citywide communications.

Given the number of requests competing for limited General Fund resources, CBO is unable to recommend this request; however, ARPA funds might be an option considering the pilot is funded with this resource.

CBO Recommendation: \$0

CAO-Enhanced Service District Coordination

DP 13072, \$36,474 in one-time General Fund discretionary resources, \$50,154 in one-time General Fund overhead, and \$83,154 in interagency revenue, 1 LTE

Request Summary and CBO Analysis

This request is for one-time General Fund resources to continue to support the Enhanced Services District (ESD) limited term Coordinator III position in FY 2022-23. The ESD Coordinator provides oversight and monitors the existing ESD contracts. The position was created in response to the 2020 Enhanced Services District audit that found the City's ESD program lacked oversight and transparency.

The cost of the position is shared between the City and the existing ESDs, which is negotiated as part of the contract renewal. The funding plan for FY 2022-23 is as follows:

- City: \$86,846 (\$36,474 in 1x General Fund discretionary, \$50,154 in 1x General Fund overhead)
- Downtown Clean & Safe: \$64,446 (Committed)
- Central Eastside Together: \$18,708 (Negotiation in process; contract renewal will be before Council in Spring 2022)

- Total: \$170,000

CBO recommends this request given that the ESDs are sharing the cost of the position in the current year and have committed to continue the cost sharing commitment in FY 2022-23. Further, CBO also recommends this request as the position is implementing many of the ESD's audit findings and recommendations.

CBO Recommendation: \$170,000

CAO-SPOT Funding Gap

DP 13065, \$126,000 in one-time General Fund resources

Request Summary and CBO Analysis

This request is for \$126,000 in one-time General Fund resources to fully fund an Analyst IV and Analyst III position in the Strategic Projects and Opportunities Team (SPOT). Prior to the current year, the positions were funded with a combination of General Fund and interagency revenue from public safety bureaus and the Spectator Venues and Visitor Activities Program for project management support. However, the interagency resources are no longer available, and the bureau is using vacancy savings in the current year to fill the budget gap left by the IA revenue. The bureau asserts that despite the lack of funding, demand for project management continues to grow. Without an ongoing funding source, SPOT will not be able to respond to emerging city issues.

CBO does not recommend new General Fund resources due to the lack of available resources. While the SPOT team provides project management support for many citywide projects, at present there is not enough General Fund resource available to recommend. The bureau has current year underspending and resources that could be considered as a carryover request to fund the SPOT team budget shortfall in FY 2022-23. This decision package would be incorporated into the bureau's FY 2022-23 Adopted Budget if approved in the Spring Supplemental Budget Monitoring Process. CBO also notes that this one-time request is likely to become a request for ongoing resources. Should this proposal be funded, CBO recommends that Council prepares to prioritize ongoing resources for these position over other needs and services.

CBO Recommendation: \$0

CAO-Impact Reduction Program Limited Term Positions

DP 12958, \$292,228 in one-time General Fund resources

Request Summary and CBO Analysis

This request is for \$292,228 in one-time General Fund resources to support two limited term Coordinator II positions that were funded in the FY 2021-22 Fall Supplemental Budget. The positions support the increased scope and workload of the Impact Reduction Program (IRP). The program was appropriated \$10.35 million in the FY 21-22 Fall Supplemental Budget which included funding for \$6.0 million in additional campsite clean-up services, \$500,000 in funding to clean up dangerous terrain impacted by camping, and \$3.85 million in storage and hygiene solutions for 250-300 unsanctioned camps.

CBO does not recommend new General Fund resources due to the lack of available resources. The bureau has current year underspending from the funding allocated in the Fall Supplemental Budget that could be considered as a carryover request to fund the two Coordinator II positions. This decision package would be incorporated into the bureau's FY 2022-23 Adopted Budget if approved in the Spring Supplemental

Budget Monitoring Process.

CBO Recommendation: \$0

311 Program-Increase of Ongoing Funding for Personnel

DP 12997, \$1,333,310 ongoing General Fund discretionary and overhead, 10 FTE

Request Summary

The bureau is requesting \$1,333,310 in ongoing General Fund discretionary and overhead resources for 10 FTE to support additional calls from the migration of up to 180,000 annual non-emergency calls from the Public Safety Non-Emergency Line to the 311 Program. The additional FTE will also support expanded operating hours to seven days a week from 7 am to 8 pm to cover the Bureau of Emergency Communications (BOEC's) peak call periods. Additionally, this request includes \$135,000 to address a projected ongoing budget deficit due to program costs exceeding the planning level estimates for FY 2022-23 developed when the program was established in 2019.

CBO Analysis

Per Resolution 37456, adopted November 19, 2019, the 311 Program's four-year rollout includes an annual increase of staff and resources. This request for ongoing General Fund resources is in addition to 311's FY 2022-23 Current Appropriation Level (CAL). The FY 2021-22 Supplemental Budget added the position authority for 7 FTE (i.e. 5 FTE 311 Customer Service Representative I and 2 FTE 311 Customer Service Representative II positions) that were previously approved by City Council via Resolution 37456 for FY 2022-23, allowing accelerated hiring in early 2022. Accelerating the hiring of the 7 FTE was intended to increase the 311 Program's capacity to assist community members with non-emergency needs and reduce non-emergency call volumes at BOEC/911.

The 311 Program is currently averaging 2,334 counts of phone, email, and online contacts a week or the equivalent of 121,000 for the full fiscal year. The bureau estimates that expanding the 311 Program to seven days a week would support the migration of approximately 180,000 additional calls from the Public Safety Non-Emergency line. This estimate is derived from 311's recent analysis of call types and volumes which found that 311 could take on more calls that are currently answered by Bureau of Emergency Communications (BOEC) call takers. These include certain low-priority calls such as taking police reports for certain types of property crime. 311 is working with BOEC and PPB to potentially migrate these call types from BOEC to 311. To circumvent the CAD system requirements, BOEC, 311 and PPB are exploring an option where 311 Customer Service Representatives would scribe a police report. However, this exception has not been approved by PPB.

In FY 2020-21, BOEC fielded 380,538 non-emergency calls, representing about 36% of all calls taken by emergency communications call-takers. If the call coordination and migration logistics are successfully addressed, and if the projected additional 180,000 calls taken by 3-1-1 under this proposal were largely calls diverted from BOEC, the positive impact of this proposal on our 9-1-1 call-taking system could be significant.

However, CBO does not recommend new General Fund resources due to the lack of available resources. While this proposal has important components such as the potential to significantly reduce call volumes at BOEC and improve customer service, at present there is only \$200,000 in forecasted available ongoing General Fund resource which is insufficient to fund this request. CBO notes that the 311 Program has current year vacancy savings that could be considered as a carryover request to fund the projected budget deficit in FY 2022-23.

CBO Recommendation: \$0 | 0.00 FTE

CAO-CSD Community Safety Consolidation

DP 13077, \$2,558,482 in ongoing General Fund Resources realigned from PPB, \$500,411 in IA funding from BOEC, and \$200,000 in one-time General Fund resources, 21.0 FTE

Request Summary

This request increases OMF's Community Safety Division (CSD) budget by \$2,558,482 in ongoing General Fund resources and the Division's position authority by 17 FTE via a realignment from the Police Bureau (PPB). The positions span multiple classifications within the Police Bureau's Business Services Division. The decision package also includes \$500,411 in interagency funding from the Bureau of Emergency Communication (BOEC) for the position costs of 3.0 FTE (an Administrative Specialist II, and an Administrative Specialist III) reassigned from BOEC to CSD in OMF. Further, the package includes position authority for Community Safety Director's position. Lastly, the decision package requests \$200,000 in one-time General Fund resources for a Community Safety Strategic Plan.

CBO Analysis

This action is part of a multi-phase strategy to implement a centralized business operations team for public safety bureaus within the Community Safety Division (CSD). The FY 2021-22 Adopted Budget transitioned PBEM's financial oversight to the Community Safety Division and the FY 2021-22 Fall BMP approved the transition of 1.0 FTE Manager III and 1.0 FTE Financial Analyst III from the Portland Police Bureau to CSD and a Manager I position from the Fire Bureau. These budget actions were completed as the first steps toward consolidating and coordinating financial management services across the City's public safety bureaus.

This decision package increases their FTE from 12 FTE to 34 FTE and the budget to \$9,118,890, as shown in the graphic to the right.

In addition to the staff that have transitioned from the public safety bureaus to CSD, the division was directed to lead and/or participate in several budget notes in the FY 2021-22 Adopted Budget. CSD also received one-time funds in the FY 2021-22 Adopted and Fall Supplemental Budgets for several important inputs in the community safety re-visioning process.

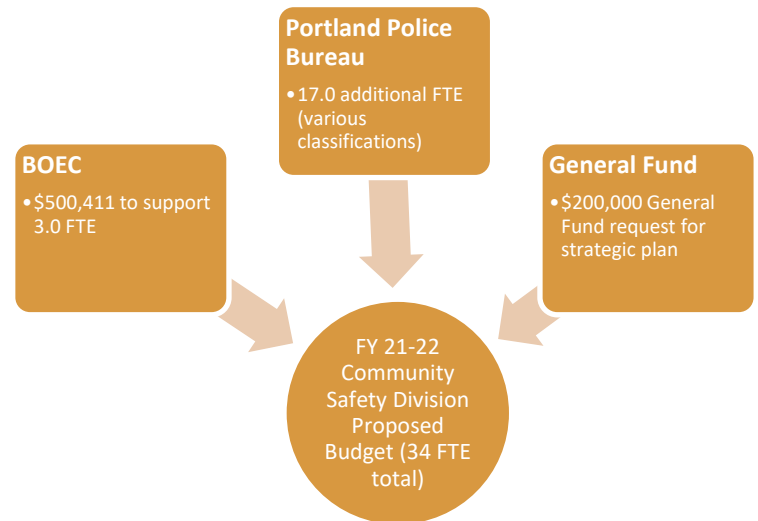
1x Resources Provided for Community Safety Division-led Strategic Inputs in Current Year Budget:

- \$400,000 for a Community Safety Strategic Plan (FY 2021-22 Adopted Budget)
- \$300,000 for consultant review of police staffing model (FY 2020-21 Fall Supplemental Budget)
- \$100,000 for a consultant on violence reduction (FY 2020-21 Fall Supplemental Budget)

FY 21-22 Adopted Budget Notes Directing Community Safety Division to lead Strategic Planning Work:

- Program Evaluation of Portland Street Response

Phase 2: Requested Additional Funding & Realignments to Community Safety Division



- Analysis of Unarmed Response Program at the Police Bureau
- Alternative Delivery Models for Medical Calls
- Coordination with Community Based Organizations and the City

In addition, the Community Safety Division Transition Director was recently appointed as the Mayor's designee to coordinate the work of the emerging Street Services Coordination Center under the Mayor's Emergency Declaration to Improve the Health Well-Being of Portlanders Experiencing Outdoor Houselessness by Expediting Implementation of the New Street Services Coordination Center.

Each of the deliverables listed above represents a significant undertaking, as each seeks to address some of the most complex challenges facing community and public safety agencies locally and elsewhere. Simultaneously combining this strategic work with significant operational consolidation and reorganizational work is an ambitious endeavor that carries inherent risks to core service delivery.

In CBO's review of OMF's FY 2021-22 Fall Supplemental requests, CBO recommended the request given support from the Police and Fire Bureaus and Council's previous support for the Community Safety Transition Director position. However, CBO's FY 2021-22 review highlighted several notable unresolved questions about how work will be directed, coordinated, and completed between CSD and the business operations staff from the other public safety bureaus, including the Police Bureau. Without resolution and agreement between public safety bureaus and CSD on lines of authority and the scope of work, the consolidation poses inherent risks to core budget and finance functions. Additionally, failure to adequately plan for and implement this transition with clearly articulated service levels and lines of authority related to these core functions could result in new duplications of services rather than a consolidation of business operations services.

Since the Fall Supplemental Budget, CSD has begun work on a Scope of Work and Service Level Agreement (SLAs) between public safety bureaus and CSD, with a goal to share a draft for the public safety bureaus' review by the end of February. Absent a draft work plan to review, CSD shared that the current plan is for the 17 Police bureau employees to transition to CSD, but that they will remain embedded in their respective bureaus for FY 2022-23 and that the "finance and budget positions will serve as an important proof of concept – enabling efficiency and improving strategic alignment across our public safety bureaus." In the longer term, the vision is that the Centralized Business Operations Group will result in efficiencies such as eliminating duplication of systems and services for payroll, timekeeping, accounting, contracting, and procurement services.

Conceptually, CBO agrees that creating a centralized public safety business operations team could lead to important benefits such as strategic alignment across the public safety bureaus and potential operational efficiencies. However, without a work plan and service level agreements in place that address how the work of CSD's Centralized Business Operations team will be directed, coordinated, and completed between the other public safety bureaus, CBO does not recommend this request at this time with the exception of request for permanent position authority for the Community Safety Transition Director Position. CBO acknowledges that recommending against this request may contribute to a sense of instability for the FTE that are impacted by this decision package. However, transitioning staff from PPB and BOEC before a work plan and service level agreements are in place risks that core budget and finance functions could be adversely impacted in the short term and that duplication rather than a consolidation of business operations services could occur over time.

CBO Recommendation: \$0 | 0.00 FTE

CAO-CSD Strength Program

DP 13065, \$60,000 in ongoing General Fund resources, 3 FTE

Request Summary

This request is to transfer position authority for 3.0 FTE positions from the Portland Police Bureau to the Community Safety Division as well as \$60,000 of ongoing resources.

CBO Analysis

The GirlStrength, BoyStrength, and WomenStrength programs leverage volunteers donating their time and energy to teach self-defense and violence prevention. The programs have historically been housed within the Portland Police Bureau. In the FY 2021-22 Adopted Budget, funds were transferred with the expectation that remaining funds and position authority would be moved in the FY 2022-23 budget. This request completes the transition.

CBO recommends this request.

CBO Recommendation: \$60,000 in ongoing General Fund resources, 3.0 FTE

CAO-CSD Police Accountability

DP 13080, \$785,763

Request and CBO Summary

This request is for \$785,763 in one-time General Fund resources for 3.0 limited term positions. The three positions are as follows:

- 1.0 LTE Analyst II to continue to support the Focused Intervention Team Community Oversight Group (FIT COG). This position was hired in January 2022 and has funding until the end of the fiscal year. This request funds the position through FY 2023-24.
- 1.0 LTE Analyst III to continue to support to the work of the Police Accountability Commission (PAC) through FY 2022-23. The Commission has an 18-month charge which began in December 2021 to develop code change recommendations to City Council. This position is currently filled.
- 1.0 LTE Coordinator III to support the PAC with meeting facilitation, ASL interpretation, Spanish and other spoken language interpretation, and community engagement support. If funded, this would be new limited term position to in FY 2022-23.

The decision package also requests \$218,000 in external material and services for PAC meeting support for facilitation services, interpretation, and community engagement, including stipends. Given the limited availability of General Fund resources, CBO recommends \$280,000 in one-time resources to cover the personnel costs of the limited term Analyst II position that supports the FIT COG and the Analyst III position that supports the PAC in FY 2022-23. If the bureau has underspending that it wants to utilize to provide additional support the PAC, CBO recommends the bureau request carryover funds in the Spring Supplemental Budget Monitoring Process.

CBO Recommendation: \$280,000 | 2.00 LTE

CAO- OMF Facility CityFleet Relocation

\$9,245,000 in interagency funding from customer bureaus

Request Summary

This request is for \$9,245,000 in ongoing interagency resources from CityFleet customer bureaus to fund a real estate search and the purchase of land and build out the specialized facility designed for the City's fleet maintenance and repair needs. This request is in response to a budget note in the FY 2021-22 Adopted Budget that directed OMF to prepare a proposal to relocate CityFleet for Council's consideration in the FY 2022-23 budget process. The total cost estimate, including financing costs and contingency is \$148.6 million. The CityFleet relocation project is funded with a combination of debt and cash financing from the Fleet fund, Kerby Garage major maintenance funds, and the eventual sale proceeds of the Kerby Garage and the adjacent property.

No new ongoing resources are requested for this project. Of note, the request assumes customer bureaus will realign their existing budgets to fund the \$9,245,000 ongoing increase in interagency costs for the next 20 years. A breakout of the interagency costs by bureau is provided in the chart to the right.

CBO Analysis

Kerby Garage is the home of CityFleet's headquarters and primary maintenance facility. CityFleet maintains over 4,000 vehicles and pieces of specialized equipment. The facility was originally constructed in the early 20th century and was not built to support modern fleet and equipment. Kerby lacks a modern fire and life safety system (smoke detectors, a fire alarm, and sprinklers) and an ability to accommodate ergonomically appropriate work equipment. The building also has an outdated electrical system, a failing HVAC system, a failing roof, and is in a landslide zone. According to the bureau, approximately \$17.8 million in code, safety, and structural repairs are needed in the next five to seven years, none of which will address the facility's capacity or resiliency deficiencies or allow CityFleet to accommodate the City's green fleet goals.

Kerby Garage Relocation Financing Plan	
Portland Bureau of Transportation	\$3,389,000
Police Bureau	\$2,197,000
Water Bureau	\$1,535,000
Parks Bureau	\$1,024,000
Bureau of Environmental Services	\$437,000
Fire Bureau	\$389,000
Bureau of Development Services	\$160,000
Office of Management & Finance	\$85,000
Portland Bureau of Emergency Management	\$8,000
Government Relations	\$8,000
Civic Life	\$8,000
Bureau of Planning & Sustainability	\$3,000
Mayor's Office	\$2,000
Total Ongoing Interagency Request	\$9,245,000

Essential Program Requirements

OMF, in conjunction with key customer stakeholders, identified several essential site requirements. These program requirements were used to explore alternatives and to develop a rough order of magnitude cost estimate for the new facility. The requirements are **jurisdiction** (Within City of Portland); **site criteria** (site located on arterial or collector road jurisdiction; no railroad or bridge crossing at critical access, and within 15 minutes of a highway); **utilities** (existing connection present); **customer proximity** (ideally within 3 miles of Kerby Garage and maximum of 5 miles of Kerby Garage); **land use zone and site size** (Between 6 and 8.2 acres in a zone that allows this use); and **hazard zone** (outside hazard zones or must address risk).

Alternatives Explored

Six alternatives were considered in the CityFleet replacement planning study. Of these six alternatives, three ideas were dismissed given their lack of adherence to the program requirements. They are:

- **Staying at the Kerby Garage/Kerby Complex and Doing No Repairs (\$0):** deemed "not viable" given the condition of the building and resulting risks to staff safety, bureau operations, and the City at large;

- **Staying at the Kerby Garage/Kerby Complex and Investing in Code/Safety/Structural Issues (\$17.8M):** deemed “not viable” because this solution does not address any of the functional obsolescence and safety issues or CityFleet’s inability to accommodate green fleet goals
- **Staying at the Kerby Garage/Kerby Complex and Rebuilding the Garage from the Ground Up and Remediating the Site Conditions (\$337M):** deemed not viable as an earlier project explored this option and thus the costs of site remediation (injecting the site with stabilizers to prevent landslides) are cost prohibitive (approximately \$250M alone).

Three other alternatives were also explored. They are:

- **Leaving the Kerby Garage/Complex and Leasing an Existing Site/Completing Improvements (\$100M):** this analysis assumed a 50-year lease would be attainable in a facility that reasonably aligns with CityFleet’s programming requirements. The benefit of this option is that it would decrease the City’s major maintenance costs and future-year recapitalization; the drawback of this option is that it could be difficult to find a site that meets CityFleet’s programming needs in the locations required.
- **Leaving the Kerby Garage/Complex and Buying a Pre-Existing Site (\$Unknown):** Purchasing a site that is pre-existing could be substantially less expensive than buying land and building a custom site. The risks of finding something that meets CityFleet’s requirements are the same as that for leasing a property. If OMF is able to find a site, OMF would consider this alternative if the costs of renovation are cheaper than the costs of a custom build.
- **Leaving the Kerby Garage/Complex and Building a Custom Site (PREFERRED OPTION) (\$120M⁸):** the option allows OMF to find a location and construct a facility that is maximally suitable for the City’s programming needs.

Finance Plan for Building a Custom Site

Using information from the CityFleet Relocation Planning Study, the estimated cost of purchasing land and building a custom facility is approximately \$148 million (i.e. \$94 million for the direct and indirect project costs, \$25.5 million for a 20 percent planning contingency and project management costs, and \$28.7 million in estimated financing costs). The CityFleet relocation planning study found that there are limited parcels of land that meet all the essential criteria that are within a reasonable proximity to bureau customers. **Notably, the few parcels of land that meet the criteria will likely require liquefaction, earthquake, and flood mitigation which is not included in the \$148 million project cost estimate.**

The Kerby Garage Relocation Plan is funded through a combination of debt and cash financing. Cash financing would include major maintenance funds from the Kerby Garage, and the eventual sale proceeds of the garage and an adjacent property. Debt financing will cover the rest of the project’s funding requirements. Annual debt service, and an increase in operations and maintenance costs, would be funded by additional interagency charges to Fleet’s customer bureaus based on the size of their interagency with Fleet. OMF’s cost estimate assumes an alternative procurement method (design-build). If approved, the bureau will hire internal consultant project managers, billable to the project, to monitor and ensure the performance of the design-build vendor. A property search will also need to be conducted for the CityFleet relocation and evaluate potential sites/warehouses for suitability.

CBO recognizes that the Kerby Garage is obsolete and needs to be replaced. However, OMF’s FY 2022-23 Requested Budget provides several examples of the buildings in the bureau’s portfolio that require

extensive and costly repairs, such as the Justice Center, several police facilities, and the Keller Auditorium. OMF has done extensive restructuring over the past year so that the bureau has the core competencies needed to manage the City's facilities and support bureau customer needs. The FY 2021-22 Adopted Budget also included ongoing funding for a Facility Condition Assessor and Major Maintenance Planner and one-time funding for an asset management software system. Using these core competencies and the data generated from the condition and risk assessments, CBO encourages OMF to facilitate a Council-led discussion to determine asset criticality in order to prioritize which OMF-facilities should be invested in versus those that should be disposed of. Once Council comes to a consensus on asset criticality, OMF will be better positioned to propose a capital plan that identifies specific repair and replacement projects and the estimated costs that reflects Council's priorities.

CBO does not recommend the project given the considerations identified above. Additionally, the project as requested requires CityFleet's customer bureaus make large budget cuts to fund the project which would have significant service level tradeoffs. As such, the financial plan for this project as proposed has not been sufficiently vetted for bureaus and Council to sufficiently understand and plan for service level tradeoffs associated with this project. However, the Budget Office does encourage the Division of Asset Management to continue their urgent work to bring to Council a more fully vetted and developed financing plan in tandem with an assessment of other priority asset needs.

CBO Recommendation: \$0

CAO-Long Range Facilities Master Plan

DP 13091, \$250,000 in one-time General Fund resources

Request Summary

This request is for \$250,000 in one-time General Fund resources for the Long-Range Facilities Master Plan Phase 2b. Phase 2b is focused on space and location needs, and real-estate feasibility for multi-bureau shared facilities with an emphasis on maintenance, operations, community safety, and emergency response facilities.

CBO Analysis

The Citywide Long-Range Facilities Plan is a three-phase comprehensive assessment of the facilities needed to support the delivery of City services over the next thirty years. A high-level overview of the phases and their budgets are below:

Phase 1	Phase 2			Phase 3
Needs Assessment	Portfolio Advancement	Address Key Issues	Master Plan	Implementation
\$350,000, FY 2019-20	\$158,000, FY 2021-22	\$250,000, FY 2022-23	TBD	TBD
Cataloged citywide and bureau level facility needs	Short term real estate needs analysis	Address the Citywide Operations and Emergency Facility Strategy Key Challenge	Address the Eastside Service Center Key Challenge	Develop a coordinated phasing and investment strategy.
High Level assessment of citywide facilities across six facility owning bureaus	Determine best use of Jerome Sears Building			Citywide Facility Master Plan
Identified two multi-bureau citywide issues or key challenges: 1) Eastside Service Center; and 2) Citywide operations and emergency facility strategy	Initiated the development of the flexible strategic portfolio tool ahead of Phase 3 with customer bureau engagement			

By the end of the multi-phase project, the city will have a comprehensive needs assessment of the City's current and future space needs, a Master Plan outlining how to address these needs, and an Implementation Plan providing tools and direction for how to accomplish the plan and how to strategically evaluate facility opportunities that may arise over time. This includes options for consolidating space, multi-bureau partnerships on similar facility needs, and disinvestment in property no longer needed to meet core services or service levels.

While continuing to work on the long-range facilities' master plan is important, given the number of requests competing for limited General Fund resources, CBO is unable to recommend this request. The bureau does have current year underspending and resources that could be considered as carryover requests to fund this proposal in FY 2022-23. This decision package would be incorporated into the bureau's FY 2022-23 Adopted Budget if approved in the Spring Supplemental Budget Monitoring Process.

Recommendation: \$0

CAO-Facilities Major Maintenance Account Replenishment

DP 12965, \$939,000 in one-time General Fund resources

Request Summary

The bureau is requesting \$939,000 in one-time General Fund resources to replenish the major maintenance account balances for Portland Police Bureau facilities and City Hall in an amount equal to OMF's clean-up and repair costs (after insurance) from protest damage that occurred in 2020 and 2021.

CBO Analysis

OMF Facilities' routine capital maintenance expenses are paid for with funds that are withheld from a portion of a bureau's rent. The funds are intended to cover a building's basic maintenance needs. Costs from protest demand not covered by insurance were paid for out of the Police Facilities and City Hall's major maintenance account balances; however, the account balances were already too low relative to the Police Facilities and City Hall's maintenance needs. Thus, the expense of the protest costs further challenges OMF's ability to fund routine capital repairs.

CBO recommends these requests. They are intended to cover one-time unforeseen costs that are unable to be absorbed within the rate structure without notable bureau tradeoffs. The request supports City

Financial Policy 2.03 as it strives to enable sufficient maintenance reserves to support routine capital repairs. However, due to constrained available General Fund resources and competing high-priority requests for said resource, the budget office is not able to recommend the full request. The budget office recommends \$557,765 of the request; should additional one-time resource become available in the April forecast update, CBO would recommend this request be fully funded.

CBO Recommendation: \$557,765

CAO-DAM Facilities Organizational Development

DP 12955, \$150,728 increase in ongoing interagency revenues and \$825 in ongoing General Fund discretionary resources, 1 FTE

Request Summary

This request is for \$151,553 in ongoing resources (\$150,728 in interagency revenue; \$825 increase in ongoing General Fund resources via a cash transfer) to fund a Moves Coordinator/Technical Space Planner position in OMF's new Facilities' Planning Department within the Division of Asset Management (DAM). The position would be funded with an increase in the DAM Facilities Corporate rate or through an increase in rental rates. The \$825 request for ongoing General Fund discretionary resources reflects the portion of the costs allocated to the Jerome F. Sears Building. Of the \$150,728 increase in interagency expenses, General Fund bureaus would pay \$66,503 of the increased costs, while the remaining \$84,225 would be covered by non-General Fund bureaus.

CBO Analysis

The requested Moves Coordinator/Technical Space Planner position will lead design development for bureaus that want to expand, downsize, or change locations. OMF Facilities has taken significant steps to restructure many parts of the organization to meet the needs of their customer bureaus within their target rate budget; however, the bureau was unable to accommodate this change without a rate increase. The position would serve as intake support for space moves that are requested by bureaus, and the would serve as the liaison between customers, construction project managers, and estimators; as well as the liaisons with BTS and security for project development. This position will also have responsibility for maintaining all of Facilities' "BOMA" drawings, which provide the basis for calculating space and square footage (and thus, rent) in OMF Facilities.

Customer bureau's support for the request was mixed. Of the six bureaus that responded to the OMF's customer engagement survey regarding this package, all but one bureau supported the idea of this position; however, three of the six bureaus did not support an increase to their interagency agreement to pay for the position. Notably, support for the position may have been higher if the position was funded through a direct charge.

OMF's Division of Asset Management has taken significant steps to restructure the organization to better serve customer needs within their target rate budget that is commendable. However, given the number of competing requests that address other pressing needs that increase costs for customer bureaus, CBO is unable to recommend this request at this time.

CBO Recommendation: \$0

CAO-DAM Facilities Additions to Building Program

DP 12956, \$248,264 in interagency revenue; \$4,500 in ongoing general fund resources

Request Summary

This request funds three services at OMF-managed facilities. They are: 1) snow removal at all the City's emergency response locations; 2) proactive graffiti removal for OMF-managed facilities downtown; and 3) enhanced security services at City Council meetings.

CBO Analysis

Snow Removal

The Facilities Division with the Office of Management and Finance is requesting additional interagency resources from the Police Bureau to provide automatic de-icing and snow removal services for all Police facilities. This service would be provided by a third-party vendor that watches the weather forecast, proactively de-ices the parking lots of contracted customers, and moves contracted customers to the front of the line when snow removal needs to happen. This contrasts with Facilities' current practice, in which the bureau "calls out" the de-icing and snow removal services, then waits for their turn to be serviced based upon when Facilities made the call. Currently the only building that receives proactive de-icing and snow removal service is the Portland Command Center/Emergency Communication Center (PCC/ECC).

The total estimated cost of doing this work is \$29,500, paid for directly by Police via the bureau's rent charge. The Police Bureau agreed to this charge. As such, CBO recommends this request.

Proactive Graffiti Removal

Under the existing rate structure, DAM walks the downtown buildings each morning, identifies graffiti, and either carries out graffiti removal itself with the support of its Facility Maintenance Technicians, or hires out the work to a vendor if one is available. However, the volume of graffiti is too much for Facilities' limited staff to do this work itself, and when staff are available to do this, it comes at the expense of other work.

Thus, Facilities would like to vend out inspection and removal services to a third party (the same party that we already have a contract with for graffiti removal when the workload gets too intense). This work is "automated," meaning the company inspects the sites early each morning to flag problem areas, and then automatically addresses them, without Facilities having to be involved in the work. Automating this will free up staff to focus on everyday needs and allow for much faster graffiti removal (ideally by 8 to 10 AM each morning).

Enhanced Security Services Downtown

OMF is requesting resources for additional security personnel at City Hall to ensure a safer civic environment once Council sessions return to in-person. The package increases security programming by two individuals during Council meetings. The additional security personnel will provide security to the third and fourth floors of the building when Council is in session. The total estimated cost of doing this work is \$69,000 spread across all bureaus at the city.

Customer bureaus' support for the proactive graffiti removal and additional security personnel was mixed with a majority of the bureaus that responded to the survey unsupportive of an increase to their interagency to pay for the faster graffiti removal and more security personnel. Given the feedback from customer bureaus and the potential marginal benefit these two requests are expected to provide as describe by the bureau, CBO does not recommend the graffiti removal and security portions of the request.

CBO Recommendation: \$29,500 in interagency resources from the Police Bureau.

CAPITAL SET-ASIDE

Install Genetec at Police Facilities

DP 12954, \$2,060,000 in one-time General resources, \$171,600 interagency revenue

Request Summary

The Division of Asset Management within the Office of Management and Finance requests \$2,060,000 in one-time General Fund Capital Set-Aside resources and \$171,600 in an ongoing interagency rate increase for the installation of Genetec Enterprise Security System at eleven Police Bureau facilities. If approved, the interagency rate increase would be funded within the Police Bureau's existing budget.

CBO Analysis

The Police Bureau currently uses a building security system named INET7. This system has multiple problems due to its age that create vulnerabilities for city staff. For example, the system is reliant on Windows 7, for which Microsoft has officially ended its technical support (including extended support, which expired in December 2021). The system also has physical components that cannot be repaired or replaced when they degrade (e.g., door hardware), and can only be sustained through parts scavenging (e.g., on eBay). Technically, should one of OMF's INET7 servers go down for any reason, physical security to OMF's INET7 facilities would be compromised immediately, resulting in the need to revert to all-manual operation of the City's security functions.

The Genetec Enterprise Security System has or is in the process of being installed in other city facilities. For example, the Portland Building and Vanport Building were constructed with the new system in place. Genetec is being installed at the 911 Center/Emergency Coordination Center (ECC) and City Hall is scheduled for implementation this year. Police is a high-priority customer to transition to Genetec; however, the bureau's major maintenance funds are oversubscribed and underfunded. CBO notes that OMF submitted a separate decision package for general fund resources to reimburse the Police Bureau's major maintenance fund for the repair costs from protest related damage that were not covered by insurance.

The benefit-cost ratio for this request is 4.8. The ratio is driven by the reduction of legal risk to improve worker and guest safety and the reduced risk of property damage and loss of life. CBO notes that the ratio is based on very high-level estimates, which made it difficult to compare the project with the other Capital Set Aside submissions based on the ratio alone. Thus, CBO considered the qualitative consequences and likelihood of failure to make the recommendation.

From this perspective, the likelihood of failure is very high as the software is no longer supported and replacement parts are not readily available. The consequence of asset failure is also high as video site monitoring would no longer operate and security functions would need to be performed manually until the system could be replaced. Notably, the risk of asset failure extends beyond Police facilities at the city; however, given the nature of the service the Police Bureau provides, the impact would be acute. The benefits of replacing the INET7 system include technical support, enhanced site monitoring, the elimination of manual controls (e.g. doors that automatically lock), and standardized security operations across Police facilities.

However, due to constrained available General Fund resources and competing high-priority requests for said resource, the budget office is not able to recommend the full request. The budget office recommends \$1,650,000 of the request. CBO also recommends the \$171,600 increase in interagency resources to support the Genetec ongoing requirements to be funded within the Police bureau's existing

budget.

CBO Recommendation: \$1,650,000 one-time General Fund, \$171,600 interagency revenue

Capital Set-Aside: Justice Center Electrical Bus Duct Replacement

DP 12966, \$5,500,000 in one-time General Fund resources

Request Summary

The request is for \$6,500,000 in one-time General Fund resources to fund the City's portion of a Multnomah County project to replace the building's incoming electric service and risers. The City is responsible for approximately \$12 million (41.3%) of the approximately \$25 million in total estimated project costs. In addition to this project, OMF estimates that the Justice Center has approximately \$100 million in deferred maintenance costs that will also need to be addressed at some point in the future.

CBO Analysis

The Justice Center is owned by what in real-estate terms is referred to as a 'condo association' with Multnomah County and the City of Portland. Under this agreement, the city is legally responsible for 41.8% of all capital costs that mutually benefit the association. Following the submission of the bureau's FY 2022-23 Requested Budget submission, OMF was given a new estimate by the County (the project lead) of approximately \$24 million, bringing the City's new funding obligation to \$12 million. The original estimate aligned with the Bureau's capital set aside request of \$5.5 million. The new estimate was informed by a more detailed assessment of construction which reflects the substantial complexity of the work due the facility's functions and the need to keep the building powered 24/7/365. The project also poses significant life safety challenges to completing the work in a way that prevents a fault and an arc flash of electricity. OMF is planning to return to Council next fiscal year with an additional funding request when the project budget and cost is refined by the County.

This request will partially fund the City's portion of a Multnomah County project to replace the Justice Center's incoming electrical service, risers, and electrical distribution system, which were found to be at the end of duct's life and in need of replacement. A catastrophic failure would likely jeopardize occupant safety and result in a complete building outage that would take several years to repair and restore. Due to the severity of the asset's health and the consequences of potential failure, this project is Multnomah County's top capital asset replacement priority.

The benefit-cost ratio for this request is 0.6. The ratio is driven by the reduction of legal risk to improve staff and occupant safety and the reduced risk of property damage and loss of life. CBO notes that the ratio is based on very high-level estimates, which made it difficult to compare the project with the other Capital Set Aside submissions based on the ratio alone. Thus, CBO considered the qualitative consequences and likelihood of failure and the equity components of this request, in particular the fact that the population which the facility serves would be unable to leave if a failure were to occur.

Given the significant life and safety risks and the disempowered population which the facility serves, CBO recommends funding this request. CBO notes that this request only partially funds the estimated \$12 million cost, and that the Council may be asked to prioritize one-time resources in future budget processes to complete required repairs of the Justice Center.

CBO Recommendation: \$5,500,000 | 0.00 FTE

Capital Set Aside: City Hall Security Improvements

DP 12969, \$2,200,000 in one-time General Fund resources

Request Summary and CBO Analysis

The request is for \$2,200,000 in one-time General Fund resources for interior and exterior security upgrades to City Hall. Exterior improvements include the installation of anti-tam decorative planters and ballistic resistant exterior doors. Interior improvements include the installation eight interior suite saferooms with ballistic resistant doors, internal steel framing, and high security positive locking system, and additional security cameras and a duress system upgrade. According to the bureau, City Hall's major maintenance reserve is not an option to fund this request as the facility has \$7.7 million in unfunded major maintenance projects.

CBO does not recommend this request for Capital Set-Aside resources as the proposal largely supports new infrastructure rather than the replacement or repair of an existing asset, rendering it ineligible for Capital Set Aside resources. However, given the increase in security incidences against public officials and staff both nationally and locally, CBO recommends Council prioritize one-time funding in a future budget process for this work.

CBO Recommendation: \$0

Capital Set Aside: DAM Fleet Knott Parking Lot Security Improvements

DP 13009, \$200,000 in one-time General Fund resources

Request Summary and CBO Analysis

This request is for \$200,000 in one-time General Fund resources to fund a portable standalone security trailer with intrusion detection, 24/7 monitoring, active deterrence, and automated alerts and notifications for the Knott parking next to CityFleet's Kerby Garage. The request would also fund the automated gate and cut proof chain mail fence. This request is in response to Police vehicles that were recently vandalized at the parking lot.

CBO does not recommend this request for Capital Set-Aside resources as the proposal supports a new level of service rather than the replacement or repair of an existing asset, rendering it ineligible for Capital Set Aside funding. Given the amount of the request, CBO recommends the Facilities utilize underspending or vacancy savings to address this need.

CBO Recommendation: \$0

SUMMARY OF REQUESTS AND RECOMMENDATIONS

Below is a summary of the Office of Management and Finance's total budget.

SUMMARY OF REQUESTS & RECOMMENDATIONS (ALL FUNDS)

Office of Management & Finance

		2021-22 Adopted Budget	2022-23 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Taxes	\$39,720,000	\$32,400,000	\$0	\$0	\$32,400,000
	Miscellaneous	\$16,293,702	\$35,582,754	\$0	\$0	\$35,582,754
	Licenses & Permits	\$7,929,000	\$8,477,000	\$0	\$0	\$8,477,000
	Intergovernmental	\$50,362,101	\$35,341,458	\$9,775,949	(\$8,280,191)	\$36,837,216
	Interagency Revenue	\$214,695,810	\$230,349,460	\$11,309,247	(\$10,260,057)	\$231,398,650
	General Fund Overhead	\$12,648,440	\$13,173,081	\$1,447,670	(\$1,289,996)	\$13,330,755
	General Fund Discretionary	\$20,799,680	\$20,678,372	\$7,942,830	(\$7,039,615)	\$21,581,587
	Fund Transfers - Revenue	\$6,879,865	\$5,965,723	\$11,489,199	(\$3,781,434)	\$13,673,488
	Charges for Services	\$145,838,583	\$146,281,580	\$133,841	\$0	\$146,415,421
	Bond & Note Proceeds	\$27,454,137	\$13,000,000	\$0	\$0	\$13,000,000
	Beginning Fund Balance	\$254,438,672	\$228,333,722	\$0	\$0	\$228,333,722
Revenue	Sum:	\$797,059,990	\$769,583,150	\$42,098,736	(\$30,651,293)	\$781,030,593
Expense	Personnel	\$117,880,867	\$122,293,945	\$12,614,768	(\$10,255,349)	\$124,653,364
	Internal Materials and Services	\$46,849,454	\$50,052,022	\$149,000	(\$149,000)	\$50,052,022
	Fund Transfers - Expense	\$28,880,331	\$32,680,671	\$0	\$0	\$32,680,671
	External Materials and Services	\$317,197,355	\$284,951,626	\$11,458,114	(\$8,423,815)	\$287,985,925
	Debt Service Reserves	\$23,700,000	\$22,625,002	\$0	\$0	\$22,625,002
	Debt Service	\$60,136,127	\$30,528,798	\$0	\$0	\$30,528,798
	Contingency	\$172,065,211	\$213,234,721	\$10,176,854	(\$9,619,089)	\$213,792,486
	Capital Outlay	\$30,350,645	\$13,216,365	\$7,700,000	(\$2,200,000)	\$18,716,365
Expense	Sum:	\$797,059,990	\$769,583,150	\$42,098,736	(\$30,647,253)	\$781,034,633